

# Automotive News

July 8, 1991

©Entire contents copyright 1991, by Crain Communications, Inc. All rights reserved.  
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

66th year—\$70.00 per year, \$2.00 per copy

## SAAB

*\$50,000 luxury flagship axed*

By Richard Johnson  
AUTOMOTIVE NEWS STAFF REPORTER

TROLLHATTAN, Sweden — Saab Automobile AB has canceled plans to build a new rear-wheel-drive luxury flagship that would have extended the Swedish car-maker into the \$50,000 class.

The decision, reached two weeks ago, is a clear sign of Saab's product strategy for the 1990s. It underscores the company's determination to maintain its own brand character in the giant shadow of General Motors, which owns half of it.

The top-of-the-line model, code-named 108, would have made Saab a three car-line company and put it in direct competition with the likes of BMW's 7-series sedan — well beyond the reach of the front-wheel-drive 900 and 9000 models and their replacements.

Project 108 had been a central element of Saab's revised product strategy since GM acquired half of Saab.

see SAAB, page 42

## Big 3: from adversaries to allies

*Cooperation, once unthinkable, now OK to hit common goals*

By Joseph Bohn  
AUTOMOTIVE NEWS STAFF REPORTER

The Big 3 are fast becoming the Three Musketeers. Beset with a host of common problems, they are entering a new era of "all for one and one for all" that represents a fundamental change in their relationships from adversaries to allies.

Until three years ago, General Motors, Ford Motor Co. and Chrysler Corp. mostly worked at cross purposes. In 1979, when Chrysler was struggling for survival and trying to put together a federal bailout package, then GM Chairman Thomas A. Murphy publicly opposed federal aid for Chrysler.

But times have changed. In the last decade, offshore competition has eroded the Big 3's sales, market share and profitability, forcing them to reassess their business practices.

"The industry has traditionally been concerned about doing anything that would provoke anti-trust," said David Cole, director of the Office for the Study of Automotive Transportation at the University of Michigan.

"Today, with the signals coming from Washington, the attitude is, 'This is more or less the system,



Big 3 chairmen appeared on ABC's "Nightline" last month in an unprecedented gathering for TV and for the auto industry. From left are host Ted Koppel, GM's Robert Stempel, Ford's Harold Poling and Chrysler's Lee Iacocca.

and if they don't like it they can tell us about it," Cole added.

Philosophically, GM, Ford and Chrysler decided they could cooperate and compete.

Dugald Campbell, a vice president at Siemens Automotive in Auburn Hills, Mich., has even coined the word "co-opetition" to describe the phenomenon.

Beginning with a major cooperative research effort in 1988, the Big 3 have now struck up five such agreements. Chrysler and GM also have set up a joint manufacturing venture.

In recent months, Detroit car-

makers also have filed a common dumping charge against Japanese minivan manufacturers. They hosted a visit by a congressional contingent, and their chief executives appeared together on ABC's "Nightline" program.

"These guys would not be sitting together on the Ted Koppel show unless they had a cooperative feeling," Cole said. "Their view is, it's not a sin to have 'co-opetition.' In fact, it's a good thing."

Chrysler's Francois J. Castaing, vice president of vehicle engineering; Ford's John P. McTague, vice president of research and

GM's Gary W. Dickinson, vice president and group executive in charge of the technical staffs, meet about once a month for breakfast or dinner in the Detroit area to discuss how current projects are progressing and possible future projects.

The Big 3 believe the new attitude of cooperation parallels but doesn't go as far as what Japanese makers have done for years.

"We're doing a long list of things," said Castaing. "A lot is happening. It's based on mutual trust. Antitrust law precludes us

see COOPERATE, page 41

## NEW VISIONS

*European automakers chart strategy to combat added competitive pressure at home and abroad in the 1990s*

First in a series of articles exploring product plans of the U.S. Big 3 and Asian and European automakers.

By Richard Johnson  
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT — As traditional buyers of Europe's prestige brands develop an eye for Japanese cars, European product planners have turned their sights toward pleasing U.S. customers.

Europe's equip-'em-and-ship-'em attitude toward America is changing. The Japanese luxury entries were designed with U.S. buyers in mind; now, the Europeans have begun to cater to overseas tastes as well.

For example, the impetus for the new Mercedes 400E that arrives in the United States this fall came largely from Mercedes-Benz of North America Inc. And in a break with custom, the U.S. market will get the car first. The new mid-range Mercedes V-8 won't reach European dealers until the end of next year.

Moreover, a small SL based on the 190 successor — considered one of the most promising models in the Mercedes pipeline — is aimed directly at the United States.



In another U.S.-oriented move, Porsche will offer its Tiptronic automatic/manual transmission on the new four-cylinder 968. The Tiptronic-outfitted 968 convertible is expected to boost U.S. volume considerably beginning next year.

And if a new Rover MG is ever built, it will be because America wants and needs it.

In addition, auto shows in the United States — see EUROPE, page 28



Lamborghini is said to be readying this Marcello Gandini-designed replacement for the Jalpa, to be powered by a 320-horsepower V-10 engine.

## June sales drop 9.7%, but outlook is brighter

By Liz Pinto  
AUTOMOTIVE NEWS STAFF REPORTER

New-vehicle sales took another baby step forward in June, but they still fell 9.7 percent short of the 1990 total.

Manufacturers and importers sold 1,158,882 new cars and trucks, about 2,000 more than in May, but an increase of almost 41 percent over January.

From a percentage standpoint, truck sales declined less than car sales in June, dropping 9.3 percent to 387,344. Car sales dipped 10 percent, to 771,538.

It was the second consecutive month that car-truck sales have increased. They trailed 1990's weak totals each month, but the year-to-year deficit fell from 12.6 percent in May to 9.7 percent in June.

Tom Webb, chief economist for the National Automobile Dealers Association, said he was encouraged by the sales recovery that has been under way for more than a month, saying "it's actually beginning to pick up a little steam."

He said the seasonally adjusted selling rate in late June appears to

have been one of the best in nearly nine months.

The 1991 six-month tally for total vehicle sales was 6,179,000 (preliminary figure), down 14.8 percent from a year ago. January-through-May sales were down 15.9 percent, thus the industry is reduced.

see SALES, page 42



### Service pace setter

When it comes to dealership parts and service operations, the customer is in the pole position. Programs ranging from fast lubes to computerized diagnostics equipment are featured in Automotive News Insight, which follows Page 24.

First looks: '92 Civic, '93 Mark VIII  
Spy photographers have had hot lenses, capturing Honda's all-new subcompact and Lincoln's luxury car. See Pages 2 and 8.

## Logic's fuzzy for new 929 but cruise control isn't

By William R. Diem  
ASSISTANT MANAGING EDITOR

Mazda Motor Corp. will introduce a new form of cruise control this fall that exhibits less busyness in searching for the right gear and throttle opening.

The device, offered as standard on the 1992-model 929 luxury sedan set for introduction in September, has been nominated for a technological innovation award by *Discover* magazine. (See Briefly, Page 2.)

The cruise control device employs fuzzy logic, a form of artificial intelligence that lets a computer make decisions in shades of gray instead of black and white.

A typical cruise control sys-

tem will downshift a four-speed automatic transmission when speed drops by 5 mph, as on a hill, and upshift 20 seconds later. That can result in a downshift just as the crest of a hill is reached, or constant gear shifting on a long grade.

The system's four-bit computer chip monitors speed and throttle opening. It downshifts when the hill has slowed the car sufficiently, then checks the throttle opening when speed has been regained. If the throttle is still open, indicating acceleration, the cruise control keeps the transmission in the lower gear. If the throttle has closed sufficiently, the hill has been crested and the transmission is allowed to shift back to fourth.

## Chevy lists rules for demo use; Mom, spouse, kids don't qualify

By Phil Frame  
AUTOMOTIVE NEWS STAFF REPORTER

Chevrolet dealers can't give demonstrator cars to their 84-year-old mothers and expect to get incentive money, too.

That's not new policy, but Chevrolet's Robert Starr, general sales and service manager, sent a letter last month to his 4,750 dealers restating the division's dealer-owned demo policy.

"I think it stinks, and I'll continue to do what I've done all along," said a dealer who asked not to be named. "My wife, my mother and myself have demos, but we all work here. If they catch me, I guess it will cost me some money."

The June 3 letter included two new regulations with which dealers must comply, said Ron Sobrero, Chevrolet assistant general sales manager.

Dealers now must sell the cars before they are driven 7,500 miles, and they must maintain a demonstrator activity log and keep it two

years in case a vehicle's use is questioned by company auditors, Sobrero said.

Demos meeting those and other conditions qualify for divisional incentives and allowance programs when the demos are sold at retail. Such allowances include those for first-time buyers and college graduates; special finance or lease rate support; consumer, dealer and salesperson incentives, and model closeouts.

Dealers who received the letter agreed that the basic demo car policy seemed unchanged, although many want to use demos for themselves and their immediate families. Many dealers believe demos should be on the road as a rolling advertisement for Chevrolet, regardless of whether it is a family member using the vehicle.

Conditions that would make a demo ineligible for allowances include use by dealers, family members, employees and persons doing

see CHEVROLET, page 43

## Slow sales of Hyundai Sonata take luster off Quebec plant

By Lindsay Chappell  
AUTOMOTIVE NEWS STAFF REPORTER

BROMONT, Quebec — More than two years after launching its \$400-million Sonata plant, Hyundai Motor Co. is still hobbled by disappointing sales and an oversized factory the company isn't sure what to do with.

Sonata sales are running at about one-third of forecasted levels, and the Bromont plant is operating at about one-third of its 100,000-unit annual capacity.

Hyundai officials say solutions include selling Bromont cars to

Chrysler Corp. or introducing a second product to the factory. More Sonata sales would help, too. But

Hyundai sold 34,698 Sonatas in the United States in 1989 and only 29,840 last year.

"I don't know why it doesn't sell better," admits Hai Chang Lee, director of Hyundai's American export operations in Seoul. "It is the best car in the market in value. But the customer's perception is that it's not a good car. I really don't know why that is."

One problem is stiff competition in Sonata's class, which includes the Toyota Camry, Honda Accord and Ford Taurus. Nor does it help that ratings from all Hyundai nameplates put Hyundai next to



More than two years after opening, the \$400-million Bromont, Quebec, plant is operating at about a third of its annual capacity of 100,000 units. Hyundai is considering introducing a second product to the factory.

last among makes in J.D. Power and Associates' 1991 initial quality survey.

Lee says the company is even considering changing the name "Sonata" as a way to ignite new sales.

The disappointment complicates the carmaker's aggressive North American manufacturing outlook. Few companies with Hyundai's relatively low sales volume would have opted to build an overseas factory without the promise of fairly rapid growth.

Hyundai decided to build the plant shortly after it burst onto the U.S. market in 1986, selling 263,000 Excel subcompacts in its

first full year on the market. The Sonata, Hyundai's first attempt at an intermediate car, looked like a sure bet.

But Hyundai's U.S. sales totaled only 137,00 last year, and the Canadian plant is producing half the 60,000 cars a year it needs to break even. Last year, the company sold 6,672 Bromont-built Sonatas in Canada.

Given the current situation, says Mark Juhn, executive vice president of Hyundai Motor America, the 60,000-mark could still be two or three years away. Plans to add a second car to bolster the plant are still under discussion, as are plans

see BROMONT, page 43



Mark Vandevelde, second from right, confers with a fellow American during a purchasing department meeting.

## UNDERSTUDY: Honda of America grooms handpicked employees in Japan

By Mary Ann Maskery  
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — When he was preparing to leave the United States, Mark Vandevelde recalls that a family friend warned him: "Don't lose your Yankee values."

But Vandevelde, a 27-year-old Honda of America Manufacturing Inc. engineer who will spend the next three years studying Japanese and Japanese business practices with Honda in Japan, isn't worried that the experience will make him less of an American.

"You don't have to become Japanese" to succeed at a Japanese company, Vandevelde said in a recent interview. The Japanese, he points out, work in the United

States without becoming Americans in the process.

"But you do need to understand the culture you're doing business in," he says.

Vandevelde is one of 18 engineers from Honda's American and Canadian operations who will spend two to three years working at Honda plants in Japan.

Later this year, 14 more will join the program. Each year, a new group will be added to learn such things as how Honda deals with suppliers in Japan and how new product development is handled.

Eventually, it is hoped, the returnees can apply what they have learned in Japan to their jobs in North America.

In part, the program is an attempt by Honda to answer criticism that it has been too slow in promoting Americans to top management in its U.S. operations and that it is still overly reliant on Japanese engineers at its Marysville, Ohio, plant — even after 10 years of operating there.

According to Toshiharu Ohashi, general manager of the North America production task division, the transfer program will lead to faster promotion for American employees. "It is part of the need to establish self-reliant operations in North America," he says.

A Honda spokesman says that as the North Americans acquire

see HONDA, page 25

## INDEX

|                      |                 |                      |    |
|----------------------|-----------------|----------------------|----|
| Auction dates        | 34, 39          | Letters              | 14 |
| Classifieds          | 35-39           | Obituaries           | 43 |
| Dealing with dealers | 29              | Opinion              | 14 |
| Incentive watch      | 46              | Personnel            | 28 |
| Insight              | follows Page 24 | Production           | 47 |
| Keith Crain          | 12              | Recreation on wheels | 18 |
| Late news            | 2               | Sales, car and truck | 42 |
| Legal briefs         | 19              |                      |    |

66th year—No. 5401

Advertising Production Department (313) 446-6063  
Circulation Department  
In Michigan (313) 446-0480  
Outside Michigan 1-800-992-9970  
Classified Ad Department (313) 446-6065  
Display Ad Department (313) 446-6030  
Editorial & Business Offices (313) 446-6000

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in May at 1400 Woodbridge, Detroit, MI 48207-3187. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207-3185.

## Corrections

- A story in the July 1 issue should have said the EPA has told Vector Aeromotive Corp. that its V-8 supercar has passed emissions tests, but paperwork must be finished before the car is certified.
- Production of the 1992 Oldsmobile Achieva, the replacement for the Cutlass Calais, is slated to start Oct. 29. A July 1 issue story reported an incorrect date based on information from the division.

# Japan's sales slide 8.3% during June, 4.1% in first half

By Mary Ann Maskery  
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — New-vehicle sales, weighed down by a 17.5 percent slide in the biggest market segment, fell 8.3 percent in June from a year earlier despite continuing strong demand for luxury cars, the Japan Automobile Dealers Association reported last week.

The industry group attributed the June weakness to the introduction of tough new regulations that require all new-car owners to show certified proof of parking space, and to continuing high interest rates on car loans.

But with the exception of an uptick in April, the market's downturn, to 492,425 units in June, has continued unabated since November. The figures exclude sales of mini-vehicles, those under 660 cc in engine displacement, which are compiled separately.

The June decline was magnified by a 17.5 percent plunge in sales of cars below 2 liters in engine displacement — the biggest segment

in Japan — to 287,431 units. Demand for luxury cars continued strong, however, rising 39.2 percent last month, to 56,180 units.

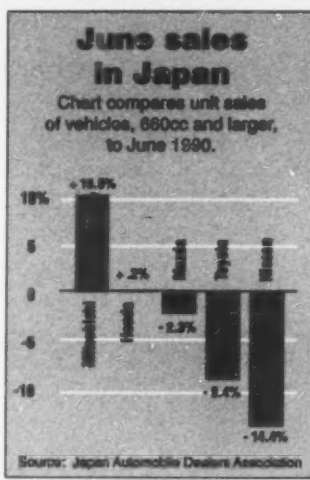
Imports, most of which are grouped in the large-car segment, fell for the sixth consecutive month in June, down 20 percent from a year earlier, to 17,805 units.

Many analysts have attributed the weaker demand for imports to a lack of new models. But Neal Doying, who follows the industry for Baring Securities Ltd. in Tokyo, says the continuing drop may reflect something more basic.

"They have an image of wealth, and with the economy slowing down, people are taking a second look," he said.

Most companies reported lower June sales. Toyota Motor Corp. fell 9.4 percent, to 203,810 units; Nissan Motor Co. fell 14.4 percent, to 107,608; Mazda Motor Corp. slipped 2.3 percent, to 41,813.

But Honda Motor Co. managed a 0.2 percent increase, to 42,894 units, while Mitsubishi Motors



Corp. again posted a strong monthly gain, rising 10.5 percent, to 42,156.

Sales for the six months were down 4.1 percent, to 2.93 million units. Most companies still expect an upturn during the second half, when a number of new models will be introduced.

Meanwhile, according to preliminary figures, mini sales fell 9 percent last month, to 167,181 units, marking the second straight month of decline.

Analysts said the new garage law, which now covers minicars in the major cities for the first time, is expected to hit sales in the segment especially hard.

## Perky VW program offers credit cards to owners

By Arlene Sawyers  
AUTOMOTIVE NEWS STAFF REPORTER

Volkswagen United States Inc. wants to give its customers credit and a whole lot more.

So it created "Club Fahrvergnügen," a two-month-old program that makes owners of VW vehicles eligible for discounts on travel and merchandise and gives them the opportunity to apply for Visa credit cards and other perks.

In May, 200,000 people who bought VW vehicles in the last two years were notified that they had been automatically enrolled in the program. By mid-July, the program will be extended to another 1.8 million VW owners.

The program is an extension of VW's *fahrvergnügen* marketing campaign. It is a way of giving customers a value-added perk for doing business with VW, said Mike Gladchun, manager of merchandising for VW United States.

VW and its upscale sister division, Audi, have not offered factory-to-customer cash rebates for about a year. Audi is not offering a similar program.

"We're trying to get to the lifestyle of our owners," said Gladchun. "Our owners are expecting a different ownership experience."

Under agreements with VW, several firms have agreed to sell their products and services at a discount to club members, he said.

For instance, club members can save 15 to 35 percent on Carnival Cruiseline cruises, up to \$100 on airfare on Northwest Airlines, up to 30 percent on Sony merchandise and up to 15 percent on merchandise ordered from Sharper Image, a mail-order catalog firm.

Also, there is an agreement with Holiday Inns that gives club members complimentary memberships in the hotel chain's "frequent stayer" program, which entitles members to room upgrades and special rates.

Club members are not automatically eligible for the credit card, but are invited to apply for it.

The Visa credit card issued



"Club Fahrvergnügen" offers VW owners credit cards and other perks.

under the program is an "affinity" card, which means VW will not issue the card directly and will not own the receivables. The issuer is MBNA America Bank, a Wilmington, Del., financial institution.

A more prestigious "gold" card carries a higher line of credit and other amenities not available to holders of the standard credit card. Neither the standard card nor the gold card requires an annual fee the first year, and both cards bear the "Club Fahrvergnügen" name.

Gladchun said the average Volkswagen owner is about 31 or 32. He expects many young, first-time buyers who are employed and do not have a negative credit history to obtain credit cards through Club Fahrvergnügen.

"Our position is that these people have been solid enough to be financed to buy a car," he said.

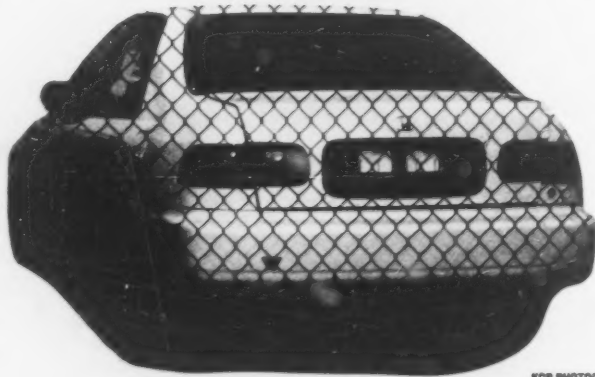
The card offers no finance charge on purchases if the balance is paid in full each month; a 90-day protection plan against accidents and theft; and a plan that doubles the regular repair warranty to up to a year on any purchased merchandise.

Card holders who use the card to purchase goods and services will receive a year-end credit equaling 3 percent of those purchases.

Additionally, each time a purchase is made using the credit card, the member is entered in a sweepstakes in which the grand prize is a 1992 VW Passat and second prize is a 53-inch Sony television. The prizes will be awarded in January 1992.

### '92 Civic exposed!

Here's the first look at Honda's new 1992 Civic. Three- and four-door models bow this fall, powered by 1.3-liter sohc and 1.5-liter dohc engines. A two-door notchback price-leader version is likely for next spring.



KSP PHOTOGRAPHY

## Orbital orders equipment for late-1993 production start

By David Barkholz  
CRAIN NEWS SERVICE

Orbital Engine Co. USA says it has begun placing orders for equipment that would allow it to start building its two-stroke engine by late 1993.

Orbital USA will spend \$75 million to \$100 million to make 100,000 engines for industrial, marine and automotive uses, said Orbital President William Kaska.

The company plans to begin production in October 1993, then build up to 100,000 units over the next few months, Kaska said.

Orbital, based in Tecumseh, Mich., has recently been the focus of an environmental campaign to raise corporate average fuel economy standards.

A Washington consultant has been working with Orbital officials to push Orbital technology as the key to huge fuel-economy gains. The campaign to portray the Big 3 as foot-draggers in technology has been done quietly in an attempt not to alienate Orbital's two main American customers, General Motors and Ford Motor Co. The automakers both have licenses to

work with Orbital designs.

Kaska declined to identify Orbital's customers for the engines it plans to produce. But he said the company has commitments from more than one customer to go forward with the investment in production equipment.

Initially, most of the engines produced will be used in automobiles, Kaska said.

A report last month in a metal-working newsletter said Orbital would supply three-cylinder engines from Tecumseh to Ford of Europe for use in small Ford vehicles there beginning in 1993. Kaska declined to comment on the report, but a Ford spokesman said the company is still evaluating the engine and has not made a commitment.

The main roadblock to using Orbital or other two-stroke engines is the quality of tailpipe emissions over the life of a vehicle.

Orbital USA is the America subsidiary of Australian Ralph Sarich's Orbital Engine Co. Pty. Ltd. The Orbital technology promises an engine-aspiration system that would solve the emissions

problem while providing all the advantages of a two-stroke's small size, light weight and mechanical efficiency.

Ian MacPherson, director of the powertrain research laboratory at Ford Motor Co., told *Automotive News* several months ago that Orbital would likely build the "pilot vehicle" engines for a European two-stroke effort. MacPherson added that it wouldn't make sense for Ford to invest in an engine plant to build "probably less than 10,000" units.

"It could be a few thousand or even just a few hundred," MacPherson said then.

Ford and GM officials have declined comment on Orbital's campaign to get environmental groups to insist on a much higher CAFE. The campaign was featured last month by *Automotive News* and its sister publication, *Crain's Detroit Business*.

Kaska said Orbital USA has begun placing orders for machining centers and tooling and expects to employ 300 by the time it reaches full production in 1994.

That number is down signifi-

cantly from the 1,900 employees anticipated for 1992 by state of Michigan officials who lured Orbital USA to Tecumseh, located southwest of Detroit, in 1989.

The company's production timetable has changed, Kaska said, though he added that Orbital USA is negotiating with a number of potential engine users for an additional 250,000 annual units.

Kaska declined to identify the prospective customers.

*Crain's Detroit Business* and *Automotive News* reported last month that a Washington-based investment firm involved with Orbital had begun enlisting environmental groups in the congressional fight for higher CAFE.

The actions by the firm, Government Investment Management Corp., are controversial because Orbital's key U.S. customers, Ford and GM, oppose an increase from the current 27.5 mpg.

Government Investment has promoted Orbital's two-stroke engine to environmentalists as the most fuel-efficient in the nation. But engineers for Ford and GM caution that it has yet to be proven capable

of meeting U.S. emission standards over 10 years or 100,000 miles.

Chrysler Corp. is developing its own two-stroke engine and is not an Orbital licensee.

Government Investment would like environmentalists to interject discussion of the Orbital engine into Congressional debate in hopes of resuscitating waning legislative support for a big CAFE hike, internal Orbital memos show.

Orbital USA is looking at selling stock in the United States on one of the three major equity exchanges. Its parent company in Perth, Australia, already offers some shares of Orbital in America through the less-visible "pink sheets" of the National Association of Securities Dealers Automated Quotations system.

Kaska said Orbital USA's investment in Tecumseh could reach \$230 million to \$250 million, if it can secure contracts for an additional 250,000 engines above the 100,000 units already slated.

He said employment in Tecumseh will double over the next year to about 60 people as the company gears up for production.

## 12 top world producers

|                        | 1990       | 1989       | Pct. of change |
|------------------------|------------|------------|----------------|
| General Motors         | 7,451,000  | 7,905,000  | - 5.74         |
| Ford Motor Co.         | 5,872,389  | 6,408,044  | - 8.36         |
| Toyota Motor Corp.     | 4,889,414  | 4,447,889  | + 9.93         |
| Nissan Motor Co.       | 3,063,186  | 3,008,750  | + 1.81         |
| Volkswagen AG          | 3,057,598  | 2,927,000  | + 4.46         |
| Peugeot-Citroen PSA    | 2,194,300  | 2,216,100  | - 0.96         |
| Fiat Group             | 2,162,900  | 2,436,100  | -11.21         |
| Honda Motor Co.        | 1,993,000  | 1,863,000  | + 6.98         |
| Chrysler Corp.         | 1,984,333  | 2,381,712  | -16.68         |
| Renault SA             | 1,843,429  | 2,049,600  | -10.05         |
| Mazda Motor Corp.      | 1,607,054  | 1,488,807  | + 7.94         |
| Mitsubishi Motor Corp. | 1,332,938  | 1,249,510  | + 6.68         |
| TOTAL                  | 37,451,541 | 38,381,512 | - 2.42         |

Note: No breakout of knock-down vehicles is available from manufacturers. All figures include cars, trucks and buses.  
Some totals include factory sales.

SOURCE: Automotive News Data Center

GLOBAL TALLY FINDS  
OUTPUT DIPS 2.42%

The world's major vehicle builders last year produced 2.42 percent fewer units as output slipped to 37,451,541 units from the 38,381,512 built a year earlier.

A global survey by *Automotive News* showed there were just a few changes in rankings among the top 12 vehicle makers. While the five largest producers did not change in standings, Peugeot-Citroen PSA of France moved from eighth into the sixth highest spot, pushing Italy's Fiat Group to the seventh position.

Honda Motor Co., Japan, moved up from tenth to close 1990 as the world's eighth largest vehicle maker, replacing Peugeot-Citroen. France's Renault SA slipped to tenth from ninth in the list of rankings by production totals.

Chrysler's production moved that U.S. company down the list to ninth from seventh position.

This table showing production totals for the world's 12 top vehicle builders usually runs in the *Automotive News Market Data Book*. It was omitted inadvertently in the 1991 edition.

SCHEME TO SLASH  
COST OF STEEL  
KEEPS THE SCRAP

Steel companies and the federal government are partnering in an effort to make steel directly from scrap and iron ore and to cut production cost \$10 to \$25 a ton.

Since steel is the most abundant material in cars and trucks, implications are enormous for automakers.

The technology would eliminate coke ovens, which are expensive and dirty, as well as blast furnaces and basic oxygen furnaces. The process would reduce energy consumed in steel making by 20 percent and, the partners hope, put the United States a step ahead of foreign competition.

The four-year, \$45 million project is under way chiefly in a pilot plant at a leased USX Corp. facility at Universal, Penn., with about \$10 million funded by the American Iron and Steel Institute and \$35 million by the Department of Energy. International Business Machines Corp. loaned a \$1 million computer system.

The process directly converts a form of iron into high-carbon liquid steel described by researchers as "a product somewhere between today's conventional iron and steel." Liquid metal is treated with oxygen to reduce carbon content, then the steel is continuously strip cast into hot-rolled coils.

When fully operational next year, the pilot plant is expected to have capacity of

around 120 tons per day.

During the last 10 years, production costs of American-made steel have dropped about 30 percent as labor, energy and cost of raw materials per ton of finished product were reduced. Milton Deaner, president of the institute, says, "Equally important, the quality of that finished product is higher than ever."

During a visit to pilot plant, William Jolley, general manager of technology-quality assurance for Bethlehem Steel Corp. of Bethlehem, Pa., put the steel industry's plant closings, liquidations and financial losses into perspective.

"Adverse circumstances in the 1980s forced curtailment of many industry activities," he said, "but the industry has compensated for this to a large extent by extensive collaborative and cooperative research on generic industry problems and opportunities."

Lari Hughes, vice president of technology for Inland Steel Flat Products Co., said he envisions a steel plant producing the next generation of cold-rolled sheet steel through an almost continuous process with production time slashed to as few as 10 hours from the current six weeks.

The pilot plant, fired up a year ago, conducts experiments daily and operates two or three days a week with a staff of about 12.

While there are several direct-steel-making projects around the world, only one, in South Africa, is in production. None is continuous or uses scrap as the U.S. mill will, according to the institute.

In the United States, where 66 percent of steel produced is recycled, electricity represents a significant portion of steel making cost. The steel industry accounts for 8 percent of industrial electrical power use and energy.

MAKERS CAST AROUND  
FOR LIGHTWEIGHT  
COMPONENTS

Since the early 1980s, intensified interest in lightweight materials for autos, coupled with improvements in die-casting processes, have significantly increased the size of the die-casting industry, pushing the metal's consumption to an average annual growth rate of 9 percent.

Meanwhile, molded plastics that could replace the metal parts have increased faster, with engineering thermoplastics growing 12 percent annually since 1971, according to plastics industry estimates.

Last year in North America, die castings of lightweight metals represented a market topping 1 million tons. A big part of it, currently \$5 billion in automotive, industrial equipment and appliance parts, is said to be susceptible to replacement by high-performance plastics, according to Boston's

Charles River Associates, a materials and economics consulting firm.

On one hand, plastics have advantages in many applications, including light weight, corrosion and chemical resistance, sound dampening, parts consolidation, design flexibility, vibration dampening and lower finishing costs. On the other, die-cast metals have superior temperature resistance, shielding properties and other performance advantages.

A case in point is the engine intake manifold. It can be formed either from die-cast metals or plastics and represents a large market opportunity for both types of materials.

According to a new report by Charles Rivers Associates, lost-core injection molding, traditional injection and compression molding are all competing with die casting for this market with potential global sales volume of over \$600 million.

Says CRA: "Die-cast parts made primarily from aluminum, zinc and magnesium are valued for their high strength-to-weight ratios. However, because the average price of these castings is over \$4.80 per kilogram, they are a target for several high-strength, low-cost plastics and processes: thermoset and thermoplastic blow-molding compound; stampable thermoplastic composites; injection molded thermoplastics; long fiberglass-reinforced thermoplastics; lose-core molded thermoplastics and thermosets; sheet molding compound; resin transfer molding; and structural resin injection molding."

SENSOR MARKET  
ACCELERATES

Demand for automotive sensors in the United States and Japan is forecast to increase from 176 millions (\$1.7 billion) to 386 million units (\$2.8 billion) in the 1990 to 1985 time period, according to BIS Strategic Decisions of Luton, England, advisors on electronics information.

The U.S. automotive sensor market will show a 15.4 percent compound annual growth rate in unit demand, while Japan grows by 10 percent.

For both geographic regions, the major share of the market will be for speed and position sensors which are featured in most automotive electronic control systems, such as anti-lock braking and electronically controlled transmissions, says

BIS, with the driving force being safety legislation and increased concern over fuel economy.

However, BIS predicts the sensor market showing the biggest increase in the 1990 to 1995 period will be accelerometers, dictated by the rapid growth of air-bag systems and the increased use of knock control in fully integrated engine-management systems.

In the United States, BIS says, demand for accelerometers will rise from 9 million units (\$83 million) to 29 million units (\$269 million) between 1990 to 1995, a compound annual growth rate of 22 percent in both units and dollars. Market demand in Japan will rise from 6 million units (\$64 million) in 1990 to 22 million units (\$220 million) in 1995.

JIGGERS, IT'S THE  
COLOR COPS

They don't carry badges, but specialists from Du Pont could easily be dubbed the "Color Police."

Last year company color specialists inspected more than 1,800 vehicles at factories, dealerships and points of entry. Their assignment is to make sure the exact color formulas are available to repair shops when vehicles require refinishing.

"Vehicles differ slightly in color from plant to plant and model to model," said Gerry Brosmer, product specialist for the company's Detroit Refinish Color Group. "So we constantly verify actual new car finishes after they come off the assembly line. If a color shift is found, we reposition the color so the paint can be easily blended."

The Du Pont library has more than 60,000 mix formulas to match virtually any OEM paint color.

Colors are developed at centers in Troy, Mich., Canada and Europe. The company also runs a Field Verified Color program to monitor and change paint formulations annually or as necessary throughout the model year.

A Mobile Color Laboratory also is used in the effort. Specialists use the lab's mixing machines, spraying area, drying oven and environmental panel testing area on sample roofs to test paint colors.

Changes in formulations are sent out via the company's ColorNet computer system and on microfiche.



DuPont color specialists examine vehicles to ensure the exact color formulas are available to repair shops when vehicles require refinishing.

In an *Automotive News* survey taken in May, 62 percent of service managers polled said they expect the market will improve in the next two years. That's up from 36 percent a year ago, 34

## Dealership managers foresee upturn for auto market in the next two years

**By: Al Fleming**

In any case, business seems to be good if measured by store



**Circle ReaderService #46**

hours. The number of departments open 50 hours or less is declining. In 1986, only 25 percent opened 56 hours or more; the figure is now 41 percent. This year, 18 percent are open more than 60 hours a week, compared to 8 percent in 1990.

At the same time, the number of workers in the typical service department is growing. Perhaps

the longer hours and more employees are reasons why dealerships are subcontracting out less high-tech work to independents.

Last year 53 percent of those surveyed said they sent such work to specialists. This year the figure is 40 percent. A number of service managers say they are training more personnel for high-tech work such as electronic in-

strument clusters. They also are using factory exchange programs for high-tech componentry that goes awry. Those who send out work do so mainly on electronic instrumentation, stereos, speedometers/odometers, convertible tops, windshields and radiators.

Also subsidizing are problems with high-tech basecoat/clearcoat paints. In 1988 and 1989, 40 per-

cent of those surveyed said they were having difficulties in coping with the new paints. This year the figure is 26 percent. That is because personnel are getting used to working with the product, they are being trained better, they're working in new high-tech paint booths, or they're simply subcontracting out the work.

Nearly two-thirds (59 percent)

of those surveyed said they offer detailing services. However, 31 percent said they do not plan to go take on this specialized activity. Perhaps they have more important things to think about — like an auto-market upswing during the next two years. □

*Al Fleming is industry editor for Automotive News.*

## Automotive News Survey of Dealer Service Managers

Note: In some cases, totals do not add to 100 percent because either multiple responses to a question were given or no response was given.

**Question 1: What do you consider the business outlook to be for the automobile market in general and your dealership specifically for the next two years?**

| Automobile Market |      |      |      |      |
|-------------------|------|------|------|------|
|                   | 1991 | 1990 | 1989 | 1988 |
| Improve .....     | 62.7 | 36.5 | 34.1 | 44.3 |
| Same .....        | 25.4 | 36.5 | 38.6 | 39.2 |
| Worse .....       | 9.5  | 23.3 | 23.5 | 12.4 |

| Dealership    |      |      |      |      |
|---------------|------|------|------|------|
|               | 1991 | 1990 | 1989 | 1988 |
| Improve ..... | 77.0 | 62.9 | 74.2 | 76.4 |
| Same .....    | 10.3 | 24.5 | 17.4 | 16.5 |
| Worse .....   | 5.6  | 6.9  | 6.1  | 1.5  |

**Question 2: Do you, as a service manager, feel that your service department offers a potential for increased profits in the future?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 95.2 | 92.5 | 95.5 | 94.8 |
| No .....  | 4.0  | 5.7  | 3.0  | 5.2  |

**Question 3: Do you feel that your dealership management believes the service department offers the potential for increased profits in the future?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 92.1 | 88.7 | 95.5 | 92.8 |
| No .....  | 5.6  | 8.2  | 1.5  | 6.2  |

**Question 4: Do you, as a service manager, believe your dealership is spending enough on advertising and promotion to improve your service business?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 70.6 | 67.9 | 65.9 | 67.5 |
| No .....  | 27.8 | 28.9 | 33.3 | 30.4 |

**Question 5: Who hires the service technicians in your service department?**

|                          | 1991 | 1990 | 1989 | 1988 |
|--------------------------|------|------|------|------|
| Dealership owner .....   | 6.3  | 18.9 | 13.6 | 11.3 |
| Dealership manager ..... | 4.2  | 2.5  | 8.3  | 5.7  |
| Service manager .....    | 75.4 | 87.4 | 91.7 | 92.3 |
| Other .....              | 11.3 | 1.3  | 9.8  | 10.8 |

**Question 6: Compared to last year, finding competent service technicians today is:**

|                      | 1991 | 1990 | 1989 | 1988 |
|----------------------|------|------|------|------|
| Less difficult ..... | 19.8 | 6.9  | 4.5  | 3.1  |
| Same .....           | 25.4 | 25.2 | 22.7 | 23.7 |
| More difficult ..... | 54.0 | 67.3 | 71.2 | 71.1 |

**Question 7: Do you have women service technicians?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 3.2  | 3.8  | 1.5  | 5.2  |
| No .....  | 95.2 | 96.2 | 98.5 | 92.3 |

**Question 8: When your dealership buys new service equipment and services, are you involved?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 94.4 | 96.2 | 97.0 | 96.4 |
| No .....  | 3.2  | 2.5  | 2.3  | 3.6  |

**If yes, which one statement below best describes your involvement?**

|                               | 1991 | 1990 | 1989 | 1988 |
|-------------------------------|------|------|------|------|
| Originate purchase request .. | 61.3 | 54.1 | 59.8 | 57.8 |
| Approve makes(s) selected ..  | 14.5 | 13.2 | 9.4  | 7.6  |
| Negotiate terms ..            | 6.5  | 6.9  | 5.0  | 2.1  |
| Give advice on needs ..       | 12.9 | 22.6 | 20.8 | 19.2 |

**Question 9: Does your dealership plan to buy any service equipment this year?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 57.1 | 60.4 | 49.2 | 58.8 |
| No .....  | 38.1 | 37.7 | 46.2 | 38.1 |

**If so, what type?**

|                                        | 1991 | 1990 | 1989 | 1988 |
|----------------------------------------|------|------|------|------|
| Tuneup .....                           | 1.6  | 5.9  | 5.4  | 15.8 |
| Wheel alignment .....                  | 13.9 | 9.3  | 9.6  | 31.6 |
| Wheel balance .....                    | 5.7  | 2.5  | 2.3  | 12.3 |
| Brakes .....                           | 8.2  | 3.8  | 6.9  | 15.8 |
| Transmissions .....                    | 5.7  | 2.5  | 2.7  | 2.7  |
| Engine overhaul .....                  | 1.6  | 2.1  | 3.1  | 1.8  |
| Refinishing .....                      | 6.6  | 2.5  | 4.6  | 4.0  |
| Frame-body straightening ..            | 0.9  | 0.3  | 0.2  | 0.7  |
| Computerized diagnostic (console) ..   | 18.9 | 15.7 | 17.7 | 19.7 |
| Computerized diagnostic (hand held) .. | 8.2  | 9.3  | 6.2  | 9.3  |
| Other .....                            | 24.6 | 18.2 | 21.5 | 25.4 |

**Question 10: Are 1991-model cars more profitable to service than those of previous years?**

|            | 1991 | 1990 | 1989 | 1988 |
|------------|------|------|------|------|
| Yes .....  | 11.9 | 9.4  | 8.3  | 8.2  |
| No .....   | 49.2 | 41.5 | 37.9 | 43.8 |
| Same ..... | 36.5 | 47.2 | 52.3 | 46.4 |

**Question 11: Are 1991-model cars more difficult to service than those of previous years?**

|            | 1991 | 1990 | 1989 | 1988 |
|------------|------|------|------|------|
| Yes .....  | 42.1 | 48.4 | 37.1 | 40.7 |
| No .....   | 27.8 | 21.4 | 25.8 | 25.3 |
| Same ..... | 25.4 | 30.2 | 36.4 | 33.0 |

**Question 12: How many hours per week is your service department open?**

|                          | 1991 | 1990 | 1989 | 1988 |
|--------------------------|------|------|------|------|
| Less than 45 hours ..... | 9.5  | 16.4 | 20.5 | 12.9 |
| 45 to 50 hours .....     | 24.6 | 40.3 | 43.9 | 38.7 |
| 51 to 55 hours .....     | 22.2 | 20.5 | 15.9 | 22.7 |
| 56 to 60 hours .....     | 23.0 | 14.5 | 11.4 | 11.9 |
| More than 60 hours ..... | 18.3 | 8.8  | 8.3  | 13.9 |

**Question 13: How many employees are there in your service department including parts and service personnel?**

|                    | 1991 | 1990 | 1989 | 1988 |
|--------------------|------|------|------|------|
| 1 to 10 .....      | 18.3 | 26.5 | 29.5 | 23.2 |
| 11 to 20 .....     | 21.4 | 33.4 | 34.1 | 32.0 |
| 21 to 30 .....     | 24.6 | 10.1 | 10.6 | 15.5 |
| 31 to 40 .....     | 11.9 | 14.5 | 13.6 | 11.3 |
| More than 40 ..... | 17.5 | 13.7 | 12.1 | 17.5 |

**Question 14: What is your most profitable service operation?**

|                       | 1991 | 1990 | 1989 | 1988 |
|-----------------------|------|------|------|------|
| Tuneup .....          | 28.7 | 30.2 | 39.4 | 37.6 |
| Wheel alignment ..... | 0.3  | 9.7  | 15.2 | 12.9 |
| Wheel balance .....   | 1.3  | 4.5  | 4.5  | 8.2  |
| Brakes .....          | 14.0 | 24.1 | 28.0 | 32.0 |
| Transmissions .....   | 4.7  | 15.0 | 22.0 | 13.9 |
| Engine overhaul ..... | 6.7  | 7.0  | 15.2 | 9.8  |
| Rustproofing .....    | 0.0  | 2.5  | 3.8  | 12.9 |
| Body shop .....       | 3.3  | 5.5  | 7.6  | 10.3 |
| Other .....           | 35.3 | 29.1 | 20.5 | 14.9 |

**Question 15: How much of the following contribute to your service profits?**

|                                | 1991          | 1990 | 1989 | 1988 |
|--------------------------------|---------------|------|------|------|
| New car warranty work .....    | Significantly | 42.9 | 50.0 | 4.8  |
| Extended service contracts ..  | 19.8          | 71.4 | 4.8  | 4.8  |
| General customer drive-in ..   | 77.0          | 18.3 | 4.0  | 4.0  |
| Special service packages ..... | 55.6          | 38.9 | 4.8  | 4.8  |
| New car warranty work .....    | Significantly | 38.4 | 53.5 | 4.4  |
| Extended service contracts ..  | 31.4          | 61.0 | 3.1  | 3.1  |
| General customer drive-in ..   | 64.2          | 32.1 | 0.0  | 0.0  |
| Special service packages ..... | 45.9          | 40.9 | 7.5  | 7.5  |
| New car warranty work .....    | Significantly | 37.9 | 56.8 | 1.5  |
| Extended service contracts ..  | 25.0          | 65.2 | 6.8  | 6.8  |
| General customer drive-in ..   | 77.3          | 21.2 | 0.0  | 0.0  |
| Special service packages ..... | 40.2          | 51.5 | 4.5  | 4.5  |
| New car warranty work .....    | Significantly | 41.2 | 50.0 | 7.2  |
| Extended service contracts ..  | 36.1          | 56.2 | 3.6  | 3.6  |
| General customer drive-in ..   | 73.6          | 23.8 | 0.0  | 0.0  |
| Special service packages ..... | 38.7          | 46.9 | 7.7  | 7.7  |

**Question 16: Do you subcontract service work to specialists for jobs involving high-tech repair (such as electronic instrument clusters)?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 40.5 | 53.5 | 41.7 | —    |
| No .....  | 57.1 | 45.3 | 58.3 | —    |

**Question 17: Has your shop had any difficulties with today's high-tech basecoat/clearcoat paints?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 26.2 | 40.3 | 40.2 | —    |
| No .....  | 57.9 | 56.0 | 53.8 | —    |

**Question 18: Does your service department offer quick lube/oil change service?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 66.7 | 44.0 | 47.7 | —    |
| No .....  | 31.0 | 55.3 | 50.0 | —    |

**Question 19: If not, does it plan to in the near future?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 11.9 | 20.8 | 50.0 | —    |
| No .....  | 22.2 | 77.2 | 48.5 | —    |

**Question 20: Does your service department offer detailing to customers?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 59.5 | 50.9 | 65.9 | —    |
| No .....  | 37.3 | 48.4 | 32.6 | —    |

**Question 21: If not, does it plan to in the near future?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 2.4  | 8.8  | 7.0  | —    |
| No .....  | 31.7 | 91.2 | 93.0 | —    |

**Question 22: What is your age?**

|                  | 1991 | 1990 | 1989 | 1988 |
|------------------|------|------|------|------|
| 18 to 24 .....   | 0.0  | 1.3  | 1.5  | 2.1  |
| 25 to 29 .....   | 3.2  | 3.8  | 13.6 | 8.8  |
| 30 to 34 .....   | 8.7  | 15.1 | 13.6 | 18.6 |
| 35 to 39 .....   | 34.1 | 28.9 | 21.2 | 20.6 |
| 40 to 44 .....   | 21.4 | 20.1 | 19.7 | 18.6 |
| 45 to 49 .....   | 15.1 | 10.7 | 14.4 | 12.9 |
| 50 to 54 .....   | 8.7  | 6.3  | 9.8  | 8.8  |
| 55 to 59 .....   | 4.0  | 6.3  | 2.3  | 5.7  |
| 60 to 64 .....   | 3.2  | 7.5  | 3.0  | 2.1  |
| 65 or over ..... | 0.0  | 0.0  | 0.0  | 1.0  |

**Question 23: Before becoming a service manager at your present or at any other dealership what type of job did you have?**

|                     | 1991 | 1990 | 1989 | 1988 |
|---------------------|------|------|------|------|
| Write-up man .....  | 31.3 | 44.0 | 34.8 | 34.2 |
| Mechanic .....      | 21.8 | 27.0 | 49.2 | 51.0 |
| Parts manager ..... | 12.2 | 9.4  | 15.2 | 21.1 |
| Other .....         | 34.7 | 18.9 | 34.1 | 37.1 |

**Question 24: How many years have you been a service manager (including time spent at previous dealerships)?**

|                  | 1991 | 1990 | 1989 | 1988 |
|------------------|------|------|------|------|
| 1 to 3 .....     | 14.3 | 24.0 | 26.5 | 24.9 |
| 4 to 7 .....     | 25.4 | 25.0 | 23.5 | 19.7 |
| 8 to 11 .....    | 19.0 | 17.0 | 23.5 | 22.3 |
| 12 to 15 .....   | 15.1 | 5.7  | 9.8  | 12.4 |
| 16 to 19 .....   | 9.5  | 10.7 | 5.3  | 8.8  |
| 20 or more ..... | 15.1 | 17.0 | 10.6 | 11.9 |

**Question 25: What was your total compensation last year for being a service manager?**

|                            | 1991 | 1990 | 1989 | 1988 |
|----------------------------|------|------|------|------|
| Less than \$15,000 .....   | 0.8  | 0.0  | 3.0  | 0.5  |
| \$15,001 to \$19,999 ..... | 0.8  | 5.0  | 5.3  | 3.1  |
| \$20,000 to \$24,999 ..... | 2.4  | 8.8  | 6.8  | 11.9 |
| \$25,000 to \$29,999 ..... | 4.0  | 13.2 | 12.9 | 11.3 |
| \$30,000 to \$34,999 ..... | 4.8  | 13.8 | 14.4 | 12.9 |
| \$35,000 to \$39,999 ..... | 5.6  | 9.4  | 9.1  | 12.9 |
| \$40,000 to \$44,999 ..... | 7.1  | 11.3 | 10.6 | 9.8  |
| \$45,000 to \$49,999 ..... | 20.6 | 9.4  | 7.6  | 5.7  |
| \$50,000 or more .....     | 49.2 | 27.0 | 26.5 | 25.8 |

**Question 26: What was your total compensation for being a service manager based on?**

|                          | 1991 | 1990 | 1989 | 1988 |
|--------------------------|------|------|------|------|
| Salary only .....        | 6.6  | 13.2 | 15.2 | 12.9 |
| Salary + overtime .....  | 0.7  | 0.0  | 0.8  | 0.0  |
| Salary + bonus .....     | 38.2 | 40.3 | 34.1 | 42.8 |
| Salary + incentive ..... | 35.3 | 39.0 | 35.6 | 30.9 |
| Salary + stock .....     | 0.0  | 0.3  | 1.5  | 0.0  |
| Salary + other .....     | 8.1  | 6.3  | 11.4 | 11.3 |

**Question 27: Do you believe your salary and benefits are commensurate with your experience?**

|           | 1991 | 1990 | 1989 | 1988 |
|-----------|------|------|------|------|
| Yes ..... | 60.3 | 57.9 | 56.8 | 62.9 |
| No .....  | 36.5 | 39.6 | 40.9 | 33.0 |

From his vantage point as chief economist for the 20,000-member National Automobile Dealers Association in McLean, Va., Tom Webb scans the broad panorama of dealerships with clear insight into developing trends in car and truck retailing, including service and parts operations. He is interviewed by Roger Rowand, Automotive News Insight reporter.

What are some of the recent changes in dealership parts and service business you've been able to identify statistically?

We've seen a tremendous increase in contributions to net and gross coming from parts and ser-

# Lifesavers

*Contributions of parts and service to dealers' bottom lines is 'tremendous,' says NADA's chief economist*

vice in recent years. That's basically because car sales have been down and new-vehicle departments went into the red last year. But since 1985, generally strong vehicle sales, extended factory warranties and increased service contract sales have contributed to an increase of 45 percent in the service and parts business of franchised dealers.



Webb

In March of this year, service and parts accounted for 15.6 percent of the average dealership's total sales. That was up from 14.9 percent a year before. That increase came during a decline in the average dealership's revenues from service and parts to \$443,661 from \$453,527 in March a year before.

In January this year, the percentage of sales from service and parts reached as high as 18.3 percent. That stands out dramatically when you look back as recently as five years ago, when the service and parts contribution to the average dealership's total sales was just 12.8 percent.

What usually happens when a recession ends?

Usually there's some fall-off in the service and parts business in the wake of a major economic downturn. That's related to the fact that primarily the vehicles dealers service are from two to three years old. If new-vehicle sales have been slow for two or three years, it may take that long for the service business to catch up. Dealers continue to primarily work on newer vehicles. Most of the work is done on vehicles with less than 50,000 miles.

## Dealers' total service and parts sales

Scale in billions of dollars

|           | Amount   | Percent change |
|-----------|----------|----------------|
| 1980..... | \$22,703 | - 1.9          |
| 1981..... | 23,116   | + 1.8          |
| 1982..... | 24,447   | + 5.8          |
| 1983..... | 26,461   | + 8.2          |
| 1984..... | 30,044   | +13.5          |
| 1985..... | 32,461   | + 8.0          |
| 1986..... | 34,611   | + 6.6          |
| 1987..... | 39,555   | +14.3          |
| 1988..... | 43,238   | + 9.3          |
| 1989..... | 45,218   | + 4.6          |
| 1990..... | 47,182   | + 4.3          |

Source: NADA

## Average dealership service and parts sales

| Year      | Amount    |
|-----------|-----------|
| 1980..... | \$827,815 |
| 1981..... | 883,995   |
| 1982..... | 969,607   |
| 1983..... | 1,086,644 |
| 1984..... | 1,240,896 |
| 1985..... | 1,382,137 |
| 1986..... | 1,442,515 |
| 1987..... | 1,579,026 |
| 1988..... | 1,733,186 |
| 1989..... | 1,794,785 |
| 1990..... | 1,932,671 |

Source: NADA

Are dealers generally content with their parts and service operations, or would they rather concentrate on the showrooms?

I think there's been a tremendous change in attitude the last couple of years. I suspect that's because dealers typically are now making profits in service and parts, while they weren't a few years ago. That also is increasing customer satisfaction because now that the dealers have profits back there they are able to make investments in terms of technicians and equipment.

Dealers provided 342,000 service stalls, employed 232,000 technicians and carried a parts inventory of close to \$4.9 billion in 1990. The average dealership's inventory stood at around the \$200,000 mark in 1990. The average point employed 10 mechanics who manned 14 service bays, excluding body shops. The average dealership wrote a total of 8,100 service orders last year compared with the 7,925 orders that were written five years earlier.

Service and parts accounted for 15.3 percent of the average dealer's total sales and over 80 percent of total profits in 1990. Six years ago, in 1985, the average dealership's service and parts department accounted for 12.9 percent of total dealership sales and approximately the same percentage of dealership profits.

Does the fact that emission control equipment is warranted for such a long time bring more people into the dealership?

Yes, along with the overall extension of warranty and with service contracts. Consumers also correctly perceive that dealers are best qualified to handle some of today's service problems. Of course, new cars have to meet safety and pollution requirements, and it's up to the operator to maintain that equipment. □



Winner of 83 Winston Cup races. Only 3 time consecutive NASCAR champion. Cale is also a multi-franchise dealer in South Carolina and Georgia.

## TOMAHAWK'S FULL SERVICE SPOT FREE CAR WASH ON WHEELS

"People today like to see cars sparkling when they look at them on the lot not just when they are taking delivery. The Tomahawk keeps them that way..."

Just Call and Say "NO SPOTS!"  
**1-800-336-HAWK**

National and International Distributor Inquiries Invited

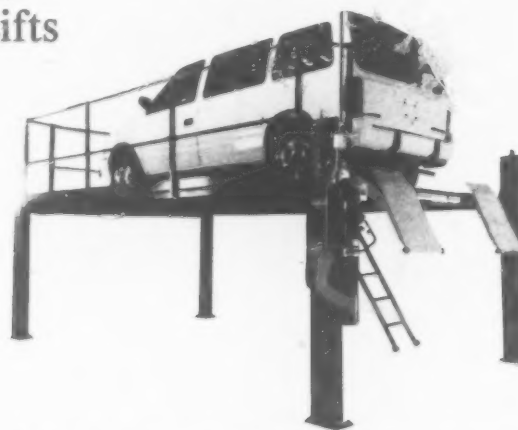
Circle ReaderService #54

## Where Quality Is Standard Equipment ...Not Optional.

Benwil  
General Service  
& Fast Lube Lifts



T-PRO-7 Twin-post general service lift, 7000 lbs. capacity, fits in a 10ft. bay, 6-yr. warranty



FP-12LR "FAST LUBE" service lift w/walkways, 11,250 lbs. capacity, proven electrical-hydraulic system provides single-point operation

Quality. That's the reason Benwil lifts are recommended by the major automakers for use in new car dealerships. They don't gamble on quality and neither should you.

The Benwil lift system... leading the industry with a "built to last" reputation.

**BENWIL**

For more details call (800) 421-2943

Benwil Industries Inc. 1140 E. Sandhill Ave., Carson, CA 90746



©1991 Benwil Industries

Circle ReaderService #55

## U.S. CAR AND LIGHT-TRUCK SALES, JUNE — 1991 vs. 1990 (ranked by car and light-truck total sales)

| Make                   | Car Sales      |                | Truck Sales  |              | Car & Truck Totals |                | % Share of Total Car & Truck Market |              | Changes          |                  |
|------------------------|----------------|----------------|--------------|--------------|--------------------|----------------|-------------------------------------|--------------|------------------|------------------|
|                        | 1991           | 1990           | 1991         | 1990         | 1991               | 1990           | 1991                                | 1990         | Share (Points)   | Sales (Percent)  |
| Chevrolet/Geo          | 127,624        | 134,404        | 16.5         | 15.7         | 101,641            | 113,397        | 26.2                                | 26.6         | 229,265          | 247,801          |
| Ford                   | 93,810         | 120,062        | 12.2         | 14.0         | 110,376            | 130,803        | 28.5                                | 30.6         | 204,186          | 250,865          |
| Toyota                 | 56,193         | 55,102         | 7.3          | 6.4          | 21,634             | 23,411         | 5.6                                 | 5.5          | 77,827           | 78,513           |
| Dodge                  | 30,971         | 28,512         | 4.0          | 3.3          | 45,065             | 45,216         | 11.6                                | 10.6         | 76,036           | 73,728           |
| Honda                  | 67,569         | 73,255         | 8.8          | 8.5          | —                  | —              | —                                   | —            | 67,569           | 73,255           |
| Pontiac                | 49,360         | 67,135         | 6.4          | 7.8          | 2,484              | 2,901          | 0.6                                 | 0.7          | 51,844           | 70,036           |
| Buick                  | 50,210         | 46,471         | 6.5          | 5.4          | —                  | —              | —                                   | —            | 50,210           | 46,471           |
| Nissan                 | 34,340         | 37,032         | 4.5          | 4.3          | 13,954             | 14,395         | 3.6                                 | 3.4          | 48,294           | 51,427           |
| Oldsmobile             | 40,482         | 45,804         | 5.2          | 5.3          | 3,150              | 2,390          | 0.8                                 | 0.6          | 43,632           | 48,194           |
| Mercury                | 36,336         | 33,202         | 4.7          | 3.9          | —                  | —              | —                                   | —            | 36,336           | 33,202           |
| Plymouth               | 17,602         | 20,661         | 2.3          | 2.4          | 17,104             | 15,840         | 4.4                                 | 3.7          | 34,706           | 36,501           |
| Mazda                  | 16,093         | 18,327         | 2.1          | 2.1          | 12,158             | 14,049         | 3.1                                 | 3.3          | 28,251           | 32,376           |
| GMC                    | —              | —              | 0.0          | 0.0          | 27,097             | 27,808         | 7.0                                 | 6.5          | 27,097           | 27,808           |
| Mitsubishi             | 15,141         | 18,098         | 2.0          | 2.1          | 2,078              | 4,073          | 0.5                                 | 1.0          | 17,219           | 22,171           |
| Jeep                   | —              | —              | 0.0          | 0.0          | 17,109             | 17,620         | 4.4                                 | 4.1          | 17,109           | 17,620           |
| Cadillac               | 16,497         | 22,427         | 2.1          | 2.6          | —                  | —              | —                                   | —            | 16,497           | 22,427           |
| Lincoln                | 16,247         | 20,608         | 2.1          | 2.4          | —                  | —              | —                                   | —            | 16,247           | 20,608           |
| Acura                  | 13,800         | 13,617         | 1.8          | 1.6          | —                  | —              | —                                   | —            | 13,800           | 13,617           |
| Isuzu                  | 2,333          | 345            | 0.3          | 0.0          | 10,783             | 12,058         | 2.8                                 | 2.8          | 13,116           | 12,403           |
| Chrysler               | 11,130         | 21,378         | 1.4          | 2.5          | 346                | 225            | 0.1                                 | 0.1          | 11,476           | 21,603           |
| Subaru                 | 11,013         | 10,031         | 1.4          | 1.2          | —                  | —              | —                                   | —            | 11,013           | 10,031           |
| Hyundai                | 10,322         | 11,729         | 1.3          | 1.4          | —                  | —              | —                                   | —            | 10,322           | 11,729           |
| VW                     | 8,751          | 14,710         | 1.1          | 1.7          | 581                | 728            | 0.1                                 | 0.2          | 9,332            | 15,438           |
| Volvo                  | 7,013          | 8,979          | 0.9          | 1.0          | —                  | —              | —                                   | —            | 7,013            | 8,979            |
| Saturn                 | 6,666          | 0              | 0.9          | 0.0          | —                  | —              | —                                   | —            | 6,666            | 0                |
| Lexus                  | 6,547          | 5,049          | 0.8          | 0.6          | —                  | —              | —                                   | —            | 6,547            | 5,049            |
| Eagle                  | 5,713          | 5,072          | 0.7          | 0.6          | —                  | —              | —                                   | —            | 5,713            | 5,072            |
| Mercedes               | 4,806          | 6,692          | 0.6          | 0.8          | —                  | —              | —                                   | —            | 4,806            | 6,692            |
| Infiniti               | 4,188          | 1,789          | 0.5          | 0.2          | —                  | —              | —                                   | —            | 4,188            | 1,789            |
| BMW                    | 4,006          | 5,425          | 0.5          | 0.6          | —                  | —              | —                                   | —            | 4,006            | 5,425            |
| Suzuki                 | 397            | 589            | 0.1          | 0.1          | 1,295              | 1,254          | 0.3                                 | 0.3          | 1,692            | 1,843            |
| Saab                   | 1,549          | 2,799          | 0.2          | 0.3          | —                  | —              | —                                   | —            | 1,549            | 2,799            |
| Audi                   | 1,335          | 2,567          | 0.2          | 0.3          | —                  | —              | —                                   | —            | 1,335            | 2,567            |
| Daihatsu               | 739            | 715            | 0.1          | 0.1          | 298                | 548            | 0.1                                 | 0.1          | 1,037            | 1,261            |
| Jaguar                 | 891            | 1,532          | 0.1          | 0.2          | —                  | —              | —                                   | —            | 891              | 1,532            |
| Porsche                | 410            | 844            | 0.1          | 0.1          | —                  | —              | —                                   | —            | 410              | 844              |
| Alfa Romeo             | 402            | 484            | 0.1          | 0.1          | —                  | —              | —                                   | —            | 402              | 484              |
| Peugeot                | 343            | 355            | 0.0          | 0.0          | —                  | —              | —                                   | —            | 343              | 355              |
| Sterling               | 286            | 311            | 0.0          | 0.0          | —                  | —              | —                                   | —            | 286              | 311              |
| Yugo                   | 228            | 533            | 0.0          | 0.1          | —                  | —              | —                                   | —            | 228              | 533              |
| Range Rover            | —              | —              | 0.0          | 0.0          | 191                | 350            | 0.0                                 | 0.1          | 191              | 350              |
| Other*                 | 195            | 245            | 0.0          | 0.0          | —                  | —              | —                                   | —            | 195              | 245              |
| <b>TOTAL</b>           | <b>771,538</b> | <b>856,890</b> | <b>100.0</b> | <b>100.0</b> | <b>387,344</b>     | <b>427,064</b> | <b>100.0</b>                        | <b>100.0</b> | <b>1,158,882</b> | <b>1,283,954</b> |
| <b>TOTAL BIG 3</b>     | <b>582,648</b> | <b>565,736</b> | <b>65.1</b>  | <b>66.0</b>  | <b>324,372</b>     | <b>356,200</b> | <b>83.7</b>                         | <b>83.4</b>  | <b>827,020</b>   | <b>921,936</b>   |
| <b>TOTAL JAPAN</b>     | <b>228,353</b> | <b>233,949</b> | <b>29.6</b>  | <b>27.3</b>  | <b>62,200</b>      | <b>89,788</b>  | <b>16.1</b>                         | <b>18.3</b>  | <b>290,553</b>   | <b>303,735</b>   |
| <b>TOTAL EUROPE</b>    | <b>30,215</b>  | <b>45,476</b>  | <b>3.9</b>   | <b>5.3</b>   | <b>772</b>         | <b>1,078</b>   | <b>0.2</b>                          | <b>0.3</b>   | <b>30,987</b>    | <b>46,554</b>    |
| <b>GM</b>              | <b>290,839</b> | <b>316,241</b> | <b>37.7</b>  | <b>36.9</b>  | <b>134,372</b>     | <b>146,496</b> | <b>34.7</b>                         | <b>34.3</b>  | <b>425,211</b>   | <b>462,737</b>   |
| <b>Ford</b>            | <b>146,393</b> | <b>173,872</b> | <b>19.0</b>  | <b>20.3</b>  | <b>110,376</b>     | <b>130,803</b> | <b>28.5</b>                         | <b>30.6</b>  | <b>256,769</b>   | <b>304,675</b>   |
| <b>Chrysler</b>        | <b>85,416</b>  | <b>75,623</b>  | <b>8.5</b>   | <b>8.8</b>   | <b>79,624</b>      | <b>78,901</b>  | <b>20.6</b>                         | <b>18.5</b>  | <b>145,040</b>   | <b>154,524</b>   |
| <b>Toyota/Lexus</b>    | <b>62,740</b>  | <b>60,151</b>  | <b>8.1</b>   | <b>7.0</b>   | <b>21,634</b>      | <b>23,411</b>  | <b>5.6</b>                          | <b>5.5</b>   | <b>84,374</b>    | <b>83,562</b>    |
| <b>Honda/Acura</b>     | <b>81,369</b>  | <b>86,872</b>  | <b>10.5</b>  | <b>10.1</b>  | <b>0</b>           | <b>0</b>       | <b>0.0</b>                          | <b>0.0</b>   | <b>81,369</b>    | <b>86,872</b>    |
| <b>Nissan/Infiniti</b> | <b>38,528</b>  | <b>38,821</b>  | <b>5.0</b>   | <b>4.5</b>   | <b>13,954</b>      | <b>14,395</b>  | <b>3.6</b>                          | <b>3.4</b>   | <b>52,482</b>    | <b>53,216</b>    |
| <b>VW/Audi</b>         | <b>10,086</b>  | <b>17,277</b>  | <b>1.3</b>   | <b>2.0</b>   | <b>581</b>         | <b>728</b>     | <b>0.1</b>                          | <b>0.2</b>   | <b>10,667</b>    | <b>18,005</b>    |
| <b>Geo</b>             | <b>27,509</b>  | <b>27,731</b>  | <b>3.6</b>   | <b>3.2</b>   | <b>3,540</b>       | <b>3,268</b>   | <b>0.9</b>                          | <b>0.8</b>   | <b>31,049</b>    | <b>30,999</b>    |
| <b>Made by Japan**</b> | <b>261,152</b> | <b>265,822</b> | <b>33.8</b>  | <b>31.0</b>  | <b>65,209</b>      | <b>74,089</b>  | <b>16.8</b>                         | <b>17.3</b>  | <b>326,361</b>   | <b>339,911</b>   |

\*Includes 1991 estimated sales of 80-Ferrari, 50-Rolls-Royce, 27-Lexus, 20-Maserati, 12-Lamborghini, and 5-Aston Martin.  
\*\*Includes vehicles sold by Big 3 but made in plants managed by Japanese companies; excludes vehicles sold by Japanese but made in Big 3 plants.

## SALES

FROM PAGE 1

ing the year-to-year deficit. Light-truck sales dropped 15.9 percent for the first six months, with sales of 2,040,800. Cars took a lesser beating with a 14.3 percent drop. The preliminary total was 4,138,300.

In June the Big 3's total vehicle sales were 827,020, down 10.3 percent from 1990.

Car sales slipped about 63,000 units; truck deliveries were off about 32,000.

Sales of Japanese vehicles, import and transplant combined, dipped only 4.3 percent in June compared to a 33.4 percent plunge for European vehicles.

Total car and light-truck sales of 229,265 in June catapulted Chevrolet into the top-seller position for June as well as for the first half. At the end of May, Ford was 3,000 units ahead of Chevy. Chevrolet has led in car sales all year, but this is the first time it has had the year-to-date lead in total vehicles.

Ford posted sales of 204,186 cars and trucks in June.

Four Big 3 car makes reported sales increases for June, compared with 1990 — Buick, Mercury, Dodge and Eagle.

General Motors' car sales fell 8.2 percent in June, with Buick the only gainer. Buick was up 8.1 percent.

Ford Motor's car sales decreased 15.8 percent, with Mercury showing a 9.4 percent increase.

Chrysler Corp.'s car sales dipped 13.5 percent overall, but Eagle was up 12.6 percent and Dodge improved 8.6 percent. Sales of the Chrysler marque were off 47.9 percent. Chrysler's truck sales increased 0.9 percent.

## SAAB

FROM PAGE 1

Scania AB's Saab Car Division in late 1989.

Since the new model would have been based on the rear-wheel-drive platform of GM Europe's planned successor to the full-sized Opel Omega/Vauxhall Carlton, the decision reflects Saab's willingness to remain independent of GM.

Instead, Saab decided to remain "a front-wheel-drive company," according to one company official. Another high-ranking Saab engineer described the decision as a matter of choosing "new technology over old technology."

Saab management insists it is zealously guarding brand character — which ranges from its front-wheel-drive tradition to such quirky attributes as the 900's floor-mounted ignition.

Saab President David Herman recently said, "There is no single subject on which more time is spent at this company. All these things about manufacturing and sales are important, but there is nothing more important to our future than our brand character."

Saab's highest-priced cars in the United States now sell for about \$34,000. The 108 would have taken the company into the \$45,000 to \$50,000 price range. But Herman said recently that "there are plenty of people who will appreciate our brand character elements in that segment."

The 108 was expected to be powered either by a large-displacement version of the General Motors Europe V-6 that will be produced beginning next year in Ellesmere Port, England, or GM's planned North American V-8.

Saab's first new model under GM is the replacement for the 900,

There is nothing more important to our future than our brand character. ●

David Herman  
Saab president

code-named 104, that is due in 1993. It initially presumed that the 9000 successor, project 106, was to be launched in about 1995 and followed two years later by the new luxury sedan.

But as the company's product plans under GM tutelage evolved, the 108 was moved ahead of the 106, presumably to base it off the rear-wheel-drive Omega/Carlton replacement due in 1995.

Cancellation of the 108 project pulls the front-wheel-drive 106 forward, sources say. The 9000 replacement will follow the original timetable for the defunct luxury range-topper by about one year, or about 1996.

Saab nonetheless is linking its product plans with GM, although mainly in component sourcing.

The 900 replacement is on schedule and figures to get a 2.7-liter version of GM Europe's new V-6, while the 9000 replacement will have a 3.2-liter derivative of the same powerplant.

Insiders say that 28 percent of the 104's componentry will be from GM Europe's Opel Vectra/Vauxhall Cavalier mid-range model, with 22 percent carryover parts and 50 percent completely new.

Saab's four-cylinder engines will still be used for the new model. Styling is by Saab design chief Bjorn Envall's internal staff.



Richard Ruzzin and one of the Cadillacs that was created under his direction, the 1992 Seville.

## Ruzzin given control of Adam Opel design

By Phil Frame  
AUTOMOTIVE NEWS STAFF REPORTER

General Motors announced that Cadillac designer Richard F. Ruzzin will be the new director of design for GM's Adam Opel AG subsidiary.

As reported last week in *Automotive News*, Ruzzin will succeed Wayne Cherry, who has been head of Opel design since 1983.

Ruzzin, 55, has been studio chief for Cadillac exterior design since 1987.

In making the announcement, Charles M. Jordan, GM vice president in charge of design staff, said: "GM is focusing on the growing importance of international design

standards... The spectacular success of the 1992 Cadillac Seville



Cherry heads back to the United States

"helped GM significantly increase its market share in Europe." Neither Ruzzin's replacement

nor Cherry's new duties were announced.

It is expected, however, that Ruzzin's assistant, Larry Erickson, will be tapped to head the Cadillac exterior studio.

Cherry, who is expected to return Sept. 1 to design staff headquarters at the GM Technical Center in Warren, Mich., reportedly will take over design for Chevrolet or the entire Chevrolet-Pontiac-Canada Group.

Ruzzin has been with design staff since 1961.

Cherry joined the staff in 1962 and has spent most of his career in Europe, beginning in 1965 with Vauxhall Motors Ltd.

## INCENTIVE WATCH

### CUSTOMER INCENTIVES

#### NEW PROGRAMS

#### CHRYSLER CORP.

Finance rates in lieu of rebates start at 7.9 percent on minivans, 2.9 percent on other models. Programs expire Sept. 30.

|                                                               |         |
|---------------------------------------------------------------|---------|
| Chrysler Imperial, New Yorker Fifth Ave. (1990-91)            | \$1,500 |
| LeBaron, N.Y. Salon (1990-91)                                 | \$1,000 |
| N.Y. Landau (1990)                                            | \$700   |
| Dodge Monaco (1990-91)                                        | \$1,500 |
| Spirit, Dynasty (1990-91)                                     | \$1,000 |
| Shadow Conv. (1991)                                           | \$1,000 |
| Colt Vista (1990)                                             | \$1,000 |
| Colt GL (1991), Colt (1990), Shadow (1990), Daytona (1990-91) | \$700   |
| Shadow Highline (1991)                                        | \$500   |
| Colt base (1991)                                              | \$400   |
| Dodge Trucks                                                  |         |
| Ram D/W, Ramcharger (1990)                                    | \$2,000 |
| Ram van conversion (1990)                                     | \$1,750 |
| Ram D/W (1991), Dakota, Ramvan, Ramwagon (1990)               | \$1,500 |
| Dakota, Ram wagon, van, conversion van, Ramcharger (1991)     | \$1,000 |
| Ram 50, Power Ram 50 (1990)                                   | \$500   |
| Ram 50, Power Ram 50 (1991)                                   | \$300   |
| Eagle Premier (1990-91)                                       | \$1,500 |
| Talon (1990)                                                  | \$1,000 |
| Talon (1991)                                                  | \$700   |
| Summit (1991, except base), all Summit- (1990)                | \$700   |
| Summit base 3-dr. (1991)                                      | \$400   |
| Jeep Cherokee (1990)                                          | \$2,000 |
| Cherokee (1991), Grand Wagoneer (1990-91)                     | \$1,500 |
| Comanche (1990-91)                                            | \$1,000 |
| Wrangler (1990-91)                                            | \$500   |
| Plymouth Acclaim (1990-91), Laser (1990), Colt Vista (1990)   | \$1,000 |
| Colt GL (1991), Colt (1990), Laser (1991), Sundance (1990)    | \$700   |
| Sundance Highline (1991)                                      | \$500   |
| Colt base (1991)                                              | \$400   |
| All minivans (1991)                                           | \$500   |
| All minivans (1990)                                           | \$1,500 |

|                                 |                              |
|---------------------------------|------------------------------|
| <b>HYUNDAI (expires Oct. 2)</b> |                              |
| Excel (1990-91)                 | \$500-1,000                  |
| Sonata (1990-91, except SE)     | \$1,000                      |
| Scoupe (1991, except SE)        | \$750                        |
| All models                      | \$300 to military personnel  |
| All models                      | \$1,000 if Hyundai is traded |

|                                |         |
|--------------------------------|---------|
| <b>SUBARU (expires Oct. 2)</b> |         |
| Loyale 4wd (1991)              | \$500   |
| Legacy (1991)                  | \$1,200 |
| XT, XT6 (1991)                 | \$2,000 |

#### CONTINUING PROGRAMS

|                                                                                                                                                                                |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>FORD MOTOR CO.</b>                                                                                                                                                          |             |
| (1990-91) models. Finance rates in lieu of rebates are 4.8 percent on Festi- (except Pony), Tracer; 7.9 percent on others. Terms are 24, 36 or 48 months. All expire July 30.) |             |
| Ford Festiva, Escort Pony and LX, hatchbacks, Mustang                                                                                                                          | \$500       |
| Escort wagon, GT                                                                                                                                                               | \$750       |
| Tempo                                                                                                                                                                          | \$600       |
| Thunderbird                                                                                                                                                                    | \$600-750   |
| Taurus                                                                                                                                                                         | \$750       |
| Taurus SHO                                                                                                                                                                     | \$1,600     |
| Probe                                                                                                                                                                          | \$1,000     |
| Crown Victoria (1991)                                                                                                                                                          | \$1,500     |
| F series, Econoline (1991)                                                                                                                                                     | \$500       |
| Ranger, Aerostar, F series (over 8,500 gvw)                                                                                                                                    | \$1,000     |
| Econoline E150 (1990, with conversion pkg.)                                                                                                                                    | \$1,500     |
| Econoline E150 (1991, with conversion pkg.)                                                                                                                                    | \$1,000     |
| Bronco                                                                                                                                                                         | \$1,500     |
| Mercury Tracer sedan                                                                                                                                                           | \$500       |
| Tracer LTS and wagon                                                                                                                                                           | \$750       |
| Topaz, Capri                                                                                                                                                                   | \$600       |
| Cougar                                                                                                                                                                         | \$600-1,000 |
| Sable                                                                                                                                                                          | \$750       |
| Grand Marquis (1991)                                                                                                                                                           | \$1,000     |

**GENERAL MOTOR**  
Finance rates in lieu of rebate start at 7.9 percent. Program expires Sept. 25.

|                 |         |
|-----------------|---------|
| <b>GMC</b>      |         |
| Suburban (1991) | \$1,000 |

|                               |              |
|-------------------------------|--------------|
| <b>MAZDA (expires Aug. 2)</b> |              |
| Trucks (1991)                 | \$500-1,300* |
| *Based on region              |              |

**SAAB**  
3.5 percent financing on 9000 models (1991) for 24, 36 or 48 months with down-payment of 25 percent. Expires July 31.

## INCENTIVE WATCH -

### DEALER INCENTIVES

#### NEW PROGRAMS

#### ALFA ROMEO (expires Dec. 31)

164, 164L automatic (1991) Up to \$200 per car monthly in floorplan aid

#### CHRYSLER CORP. (expires Sept. 30 unless otherwise noted)

|                                      |                               |
|--------------------------------------|-------------------------------|
| Dodge Shadow, Spirit (1991)          | \$100-700, quota              |
| Monaco (1991)                        | \$1,000-2,000, based on sales |
| Colt, Colt Vista (1990-91)*          | Up to \$700, quota            |
| Dodge truck                          |                               |
| Ram Club Cab (1990-91)               | \$1,000                       |
| Ram D/W (1990-91)                    | \$500                         |
| Ramcharger (1990-91)                 | \$1,000                       |
| Eagle Premier (1991)                 | \$1,000-2,000, based on sales |
| Jeep Cherokee (1991)                 | \$500                         |
| Plymouth Sundance, Acclaim (1990-91) | \$100-700, quota              |
| Colt, Colt Vista (1990-91)*          | Up to \$700, quota            |
| Minivans (1991) without air bags     | \$500                         |
| *Expires July 31                     |                               |

#### HYUNDAI (expires Oct. 2)

|                             |                           |
|-----------------------------|---------------------------|
| Sonata SE, Scoupe SE (1991) | \$100-300, based on sales |
|-----------------------------|---------------------------|

#### ISUZU (expires Sept. 16)

|                              |                               |
|------------------------------|-------------------------------|
| Stylus S, Impulse XS (1991)  | \$700                         |
| Stylus XS, Impulse RS (1991) | \$1,500                       |
| Pickup (1991)                | \$700-1,000, based on sales   |
| Trooper (1991)               | \$1,600-1,800, based on sales |

#### VOLVO (expires Aug. 18)

|                    |         |
|--------------------|---------|
| 740 and 940 (1991) | \$1,500 |
|--------------------|---------|

#### CONTINUING PROGRAMS

|                                |               |
|--------------------------------|---------------|
| <b>AUDI (expires Sept. 30)</b> |               |
| 100/200                        | \$2,000-3,500 |

|                                                                               |                |
|-------------------------------------------------------------------------------|----------------|
| <b>FORD MOTOR CO. (expires July 31)</b>                                       |                |
| Ford Escort (1991), Crown Victoria (1990-91-92) and F-series pickup (1990-91) |                |
| 100 percent of quota                                                          | \$500-15,000   |
| 110 percent of quota                                                          | \$750-22,500   |
| 120 percent of quota                                                          | \$1,000-30,000 |

Dealerships divided into seven groups, based on number of units in quota. Payments listed above are the range of total amounts for the seven groups. Program includes Mercury Tracer (1991) and Grand Marquis (1990-91-92) for Ford-Mercury dual dealerships.

#### MAZDA (expires Aug. 2)

|            |       |
|------------|-------|
| MPV (1991) | \$800 |
|------------|-------|

#### MERCEDES-BENZ

|                                          |                                          |
|------------------------------------------|------------------------------------------|
| (1991 models, no expiration date listed) |                                          |
| 300SE, 300SD                             | \$3,000                                  |
| 420SEL                                   | \$4,000                                  |
| 560SEL                                   | \$5,000                                  |
| All S class                              | \$2,000-4,000, on purchase from importer |

#### NISSAN (1991, expires Aug. 2)

|                          |                      |
|--------------------------|----------------------|
| Sentra E, XE, GXE        | \$400                |
| Stanza                   | \$1,400              |
| Maxima                   | \$800-1,000, quota   |
| 240SX                    | \$600-800, quota     |
| 300ZX                    | \$1,500              |
| Trucks                   | \$1,200              |
| Trucks (California only) | \$1,300-1,500, quota |
| Pathfinder               | \$1,000-1,400, quota |

#### PEUGEOT (1990, no expiration date)

|  |         |
|--|---------|
|  | \$2,000 |
|--|---------|

#### SUZUKI (expires Aug. 2)

|                 |             |
|-----------------|-------------|
| Swift (1990-91) | \$400-1,000 |
| Sidelick (1990) | \$1,000     |
| Sidelick (1991) | \$300-1,000 |

#### TOYOTA (expires Aug. 2)

|               |                                   |
|---------------|-----------------------------------|
| Corolla       | \$300-900, based on number sold   |
| Camry, trucks | \$300-1,100, based on number sold |

#### VOLKSWAGEN

|                                     |             |
|-------------------------------------|-------------|
| All cars (1990, no expiration date) | \$500-1,500 |
|-------------------------------------|-------------|

# Makers set 1991 cleanup plans

## Chrysler tips hand on \$4,000 in incentives for '92 Monaco

By Ariana Sawyers

AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Corp. notified dealers last week that the 1992 Dodge Monaco will debut this fall with combined consumer and dealer rebates up to \$4,000. Monaco and its sibling, Eagle Premier, will be discontinued after the 1992 model year.

Also last week, Chrysler, Hyundai and Subaru of America Inc. announced cleanup incentive programs that extend through the end of the 1991 model year.

Other new programs were listed last week by Alfa Romeo Distributors of North America, American Isuzu Motors Inc., Peugeot Motors of America Inc. and Volvo Cars of North America.

Chrysler's program for the 1992 Monaco is similar to the incentive it placed on the 1991 Monaco/Premier last April. The company paid dealers \$1,000 for first car sold, \$1,500 per unit for the next two and \$2,000 per unit for any additional sales. Additionally, dealers received another \$1,000 per unit when they ordered the cars.

The only difference in the new program is that dealers will receive \$500 per unit when the cars are ordered instead of \$1,000. There is another \$1,500 rebate to the customer.

It is unclear whether Premier will be included in the new program.

As part of its cleanup incentive, Chrysler is offering a \$500 customer rebate on 1991 Dodge Caravan and Grand Caravan; 1991 Plymouth Voyager and Grand Voyager and 1991 Chrysler Town & Country. The program includes minivans with air bags.

There also is a \$500 dealer rebate on 1991 minivans without air bags and a \$1,500 customer rebate on 1990 minivans.

Chrysler increased incentives on several models: from \$1,000 to \$1,500 on the 1991 Jeep Cherokee and 1990 Chrysler Imperial and New Yorker Fifth Avenue; from \$500 to \$1,000 on the 1990 Chrysler LeBaron convertible, and from \$700 to \$1,000 on 1990 New Yorker Salon, Dodge Dynasty, Dodge Spirit, Plymouth Acclaim and Chrysler LeBaron sedan.

Also, Chrysler reduced its finance rates. They now start at 2.9 percent on 24-month contracts on all vehicles except minivans. Finance rates begin at 7.9 percent on minivans, unchanged from the previous program. Cut-rate financing is in lieu of customer rebates.

Chrysler is offering rebates of \$100 to \$700 to dealers on 1990-91 Dodge Spirit and Shadow and 1990-91 Plymouth Acclaim and Sundance, based on performance against quota.

Also, Chrysler is paying dealers \$500 to \$1,000 on 1990 and 1991 Dodge trucks.

Jeep-Eagle dealers earn \$1,000 to \$2,000 on sales of Eagle Premier and \$500 on 1991 Jeep Cherokee. The Dodge Monaco dealer rebate also is \$1,000 to \$2,000.

Chrysler programs expire Sept. 30.

Alfa Romeo is paying dealers up to \$200 per month in floorplan assistance on base 1991 164 models and on 164L automatics through Dec. 31.

Isuzu's dealer incentive program runs through Sept. 16. It pays dealers \$750 to \$1,800 on 1991 Trooper and pickup depending on the number of vehicles sold. Dealers earn a flat payment of \$700 to \$1,500 on 1991 Stylus and Impulse.

Hyundai Motor America announced a new round of consumer and

dealer rebates that expire Oct. 2. On the consumer side, Hyundai is paying rebates of \$500 to \$1,000 on 1990 and 1991 Excel and Sonata and 1991 Scoupe.

The importer is offering an additional \$300 to active military personnel who purchase any Hyundai car and \$1,000 to Hyundai owners who trade a 1986-90 model on a new 1990 or 1991 Hyundai.

Consumers qualify for either the military program or the trade-in program.

Also, Hyundai is paying \$100 to consumers who test drive a 1991 Sonata but purchase an eligible competitive model.

Hyundai dealers earn \$100 to \$300 on 1991 Sonata and Scoupe depending on the number of cars sold.

Through July 31, Peugeot is offering buyers interest-free loans on contracts up to 48 months. Down payments of 10 percent and 20 percent, respectively, are required on 36- and 48-month loans. No down payment is required on 24-month loans.

Also, Peugeot is offering 24-, 36- and 48-month lease contracts with no down payment.

Subaru of America Inc. announced consumer incentives ranging from \$500 to \$2,000 on 1991 Legacy, Loyale, XT and XT6. The program expires Oct. 2.

Volvo is offering consumers special leasing deals on 1991 models of the 740 and 940.

They range from \$399 a month to \$449 a month. Also, dealers earn \$1,500 on sales of 740 and 940 cars (1991 models). The factory-to-dealer incentive does not include lease transactions. The program expires Aug. 18.

Automotive News Special Correspondent Darrell Pressley contributed to this report.

# GM Lordstown may go to three crews

By Phil Frame

AUTOMOTIVE NEWS STAFF REPORTER

LORDSTOWN, Ohio — A tentative local contract was announced last week that would have employees at the General Motors assembly plant here working in three crews, two shifts per day for five days with single shifts on Saturday and Sunday.

If ratified, the Lordstown assembly plant would become the first GM facility in North America to operate on a three-crew, two-shift schedule, although the system is used at a GM plant in Belgium.

Lordstown Plant Manager Michael J. Cubbin hailed the tentative pact as a means to make the facility more productive and competi-

tive.

Al Alli, UAW Local 1112 shop chairman, praised the agreement because it would provide employees with job security at a time when the plant is losing van production to a plant in Flint, Mich.

The Lordstown plant now produces only the Chevrolet Cavalier and the Pontiac Sunbird.

Alli said that the change could boost capacity to as much as 480,000 cars a year from the current 360,000.

Under the new agreement, the Lordstown plant would work 120 hours per week.

Each of the three crews would work four 10-hour shifts per week, with most maintenance work car-

ried out on weekends.

The Lordstown assembly plant has been plagued with labor difficulties through much of its 25-year history. It was built as a Chevrolet plant but became a source of labor unrest in the early 1970s as part of the old General Motors Assembly Division. The plant was the original source of the Chevrolet Vega 2300 when that car went into production in 1970 as a 1971 model.

It was once one of the largest assembly complexes under one roof, which prompted former Chevrolet General Manager John Z. DeLorean to remark "that you can see the curvature of the earth" inside the plant.

# Overweight Mercedes S class has Germans laughing

By Larry Thorson

THE ASSOCIATED PRESS

BERLIN — There's a red tinge of embarrassment reflected in the shining silver star of Mercedes-Benz. Its new S-class cars are so heavy people are making fun of them.

Mercedes has admitted a minor mistake in a massive new model that weighs 2.5 tons and seeks to shoulder aside Japanese challengers in the luxury market.

But the Germans are making jokes about the Mercedes behemoths, which have four doors but could be technically overloaded

with three passengers.

At issue are regulations of Germany's eagle-eyed Technical Inspection Organization, which sets standards for everything from cars to nuclear power plants. Cars are required to list their gross weights so the inspection organization can certify that equipment such as brakes and suspensions are built to handle the weight.

The new Mercedes was a bit overweight, especially when buyers loaded it with heavy options like automatic transmissions, air conditioning and the variety of electric motors to operate a sunroof, ad-

justable seats and a load-leveler.

The German enthusiast magazine *Auto Motor Sport* discovered the weight problem in a test comparing a Mercedes 300SE with a BMW 735i and a Jaguar XJ6. That prompted one reader to write that the luxury Mercedes could only be used to carry four dwarfs and their toothbrushes to a nudist camp.

Mercedes struck back last week by adding 308 pounds to the car, so that a fully loaded 300SE could weigh 5,610 pounds. Its full-page ads declared: "The new S-class is built so safely that it forgives almost all mistakes. Even our own."

## PRODUCTION

## SCHEDULED PLANT CLOSINGS

| Plant                                 | Weeks down | Units lost/week |
|---------------------------------------|------------|-----------------|
| <b>CHRYSLER</b>                       |            |                 |
| Bramalea, Ontario .. 7/8, 7/15, 7/22  | ..         | ..              |
| Dodge Monaco                          | ..         | ..              |
| Eagle Premier                         | ..         | ..              |
| <b>FORD</b>                           |            |                 |
| Atlanta .. 7/8                        | ..         | ..              |
| Chicago .. 7/8                        | ..         | ..              |
| Dearborn, Mich. .. 7/8                | ..         | ..              |
| Edison, N.J. .. 7/8                   | ..         | ..              |
| Kansas City, Mo. .. 7/8               | ..         | ..              |
| Lorain, Ohio .. 7/8                   | ..         | ..              |
| Louisville, Ky. .. 7/8                | ..         | ..              |
| Michigan Truck (Wayne, Mich.) .. 7/8  | ..         | ..              |
| Merfoll, Va. .. 7/8                   | ..         | ..              |
| Oakville, Ontario .. 7/8, 7/15        | ..         | ..              |
| Oakville Truck .. 7/8, 7/15           | ..         | ..              |
| St. Louis .. 7/8                      | ..         | ..              |
| St. Paul, Minn. .. 7/8                | ..         | ..              |
| St. Thomas, Ontario .. 7/8            | ..         | ..              |
| Wayne, Mich. .. 7/8                   | ..         | ..              |
| Wixom, Mich. .. 7/8                   | ..         | ..              |
| <b>NAVISTAR</b>                       |            |                 |
| Springfield, Ohio .. 7/8              | ..         | ..              |
| Medium Trucks                         | ..         | ..              |
| Heavy Trucks                          | ..         | ..              |
| Chatham, Ontario .. 7/8               | ..         | ..              |
| Medium Trucks                         | ..         | ..              |
| Heavy Trucks                          | ..         | ..              |
| <b>NISSAN MOTOR MFG. CORP. U.S.A.</b> |            |                 |
| Smyrna, Tenn. .. 7/8, 7/15            | ..         | ..              |
| Nissan Sentra                         | ..         | ..              |
| Pickup trucks                         | ..         | ..              |

\*Model changeover  
\*\*Vacation  
Source: Automotive News Data Center

## San Francisco dealers' slump still lingers

THE ASSOCIATED PRESS

SAN FRANCISCO — Don't tell San Francisco Bay area automobile dealers the recession is over.

Despite some favorable economic news and a slight rise in national car sales in early June, local dealers have yet to see more than a blip in increased sales.

But they're delighted for the public to hear about an economic recovery as much and as loudly as possible. Dealers think the mood of consumers is crucial to ending their deferral of car purchases — and ending the depression the dealers have been mired in since New Year's.

The most recent regional figures, compiled from state Board of Equalization figures on taxable sales, show that area new car and truck dealers sustained a 4 percent drop in vehicle and parts sales as early in the slump as last summer.

California car and light-truck sales crashed 19 percent in the first quarter of 1991 from a year earlier, according to J.D. Power and Associates of Agoura Hills, Calif. National sales for the year through May were down 16.5 percent.

"We have fared just as well as the national scene," says Gordon Cuneo, general manager of European Motors in San Francisco. "Our sales are off in the neighborhood of 25 percent from this time last year."

"We realize that it's partly because of the recession and partly because of the (gulf) war preoccupation. We also thought that for our dealership, which deals only in Mercedes-Benz, the luxury tax was a hit right between the eyes."

The federal tax is 10 percent of the amount by which a car price exceeds \$30,000. The cost added to a \$50,000 auto is \$2,000. Many of a dealership's costs are fixed.

European Motors has responded by reducing its sales force from 11 to eight.

## U.S. CAR

|                                    | Week Ended July 6, 1991 | Week Ended June 29, 1991 | June Total | Jan. 1 to July 6, 1991 | Jan. 1 to July 7, 1990 |
|------------------------------------|-------------------------|--------------------------|------------|------------------------|------------------------|
| Horizon .....                      | 0                       | 0                        | 0          | 0                      | 4,327                  |
| Sundance .....                     | 1,800                   | 1,918                    | 6,218      | 24,622                 | 43,579                 |
| Acclaim .....                      | 2,100                   | 2,569                    | 10,157     | 46,212                 | 55,742                 |
| Total Plymouth .....               | 3,900                   | 4,487                    | 16,375     | 70,834                 | 103,846                |
| LeBaron A .....                    | 0                       | 0                        | 0          | 0                      | 8,064                  |
| LeBaron J .....                    | 0                       | 0                        | 0          | 18,997                 | 26,925                 |
| N. Yorker C-Class .....            | 300                     | 306                      | 860        | 4,417                  | 24,374                 |
| Fifth Avenue .....                 | 1,200                   | 1,659                    | 4,724      | 19,011                 | 10,022                 |
| Imperial .....                     | 200                     | 314                      | 906        | 4,234                  | 16,650                 |
| Total Chrysler .....               | 1,700                   | 2,279                    | 6,480      | 48,399                 | 96,035                 |
| Omni .....                         | 0                       | 0                        | 0          | 0                      | 4,078                  |
| Daytona .....                      | 0                       | 0                        | 0          | 4,936                  | 17,830                 |
| Shadow .....                       | 2,000                   | 2,919                    | 8,307      | 29,575                 | 51,003                 |
| Dynasty .....                      | 2,100                   | 2,756                    | 8,327      | 63,978                 | 63,509                 |
| Spirit .....                       | 1,700                   | 2,296                    | 9,326      | 41,448                 | 51,946                 |
| Total Dodge .....                  | 5,800                   | 7,971                    | 25,980     | 130,937                | 186,386                |
| CHRYSLER CORP. .....               | 11,400                  | 14,737                   | 48,825     | 257,130                | 378,946                |
| Escort .....                       | 0                       | 7,446                    | 22,925     | 101,375                | 107,890                |
| Mustang .....                      | 0                       | 3,660                    | 10,540     | 42,542                 | 77,839                 |
| Tempo .....                        | 0                       | 2,829                    | 11,662     | 56,929                 | 71,767                 |
| Taurus .....                       | 0                       | 8,409                    | 34,895     | 173,772                | 188,838                |
| Thunderbird .....                  | 0                       | 2,593                    | 7,755      | 40,373                 | 63,234                 |
| Total Ford Div. .....              | 0                       | 24,937                   | 87,787     | 414,991                | 599,980                |
| Topaz .....                        | 0                       | 1,791                    | 6,042      | 25,067                 | 27,026                 |
| Cougar .....                       | 0                       | 1,727                    | 5,156      | 29,666                 | 42,211                 |
| Sable .....                        | 0                       | 2,747                    | 11,887     | 56,265                 | 56,432                 |
| Total Mercury .....                | 0                       | 6,265                    | 23,085     | 110,988                | 125,689                |
| Continental .....                  | 0                       | 1,199                    | 4,719      | 29,153                 | 31,032                 |
| Mark VII .....                     | 0                       | 213                      | 829        | 5,099                  | 12,540                 |
| Town Car .....                     | 0                       | 2,828                    | 11,118     | 68,603                 | 83,864                 |
| Total Lincoln .....                | 0                       | 4,240                    | 16,666     | 102,855                | 127,436                |
| Total L-M Div. .....               | 0                       | 10,505                   | 39,751     | 213,853                | 253,105                |
| FORD MOTOR CO. .....               | 0                       | 35,442                   | 127,518    | 628,844                | 782,673                |
| Stylark/Somerset .....             | 0                       | 0                        | 0          | 27,510                 | 48,251                 |
| Century .....                      | 2,256                   | 3,177                    | 11,502     | 47,439                 | 36,942                 |
| Riviera .....                      | 0                       | 0                        | 0          | 13,409                 | 12,645                 |
| Electra/Park Ave. .....            | 1,462                   | 2,569                    | 8,034      | 59,724                 | 18,404                 |
| LeSabre (hwd) .....                | 800                     | 327                      | 676        | 25,724                 | 90,251                 |
| Roadmaster Sedan .....             | 1,030                   | 1,030                    | 4,123      | 11,738                 | 0                      |
| Roadmaster Wagon .....             | 296                     | 298                      | 2,800      | 15,928                 | 4,022                  |
| Reatta .....                       | 0                       | 0                        | 0          | 1,206                  | 4,854                  |
| Total Buick .....                  | 5,844                   | 7,401                    | 27,136     | 287,198                | 215,379                |
| Edorado .....                      | 0                       | 0                        | 0          | 6,395                  | 11,801                 |
| Seville .....                      | 0                       | 0                        | 0          | 13,909                 | 21,695                 |
| Brougham (hwd) .....               | 300                     | 392                      | 1,459      | 10,319                 | 13,148                 |
| DeVille (hwd) .....                | 2,550                   | 3,317                    | 12,408     | 75,449                 | 92,390                 |
| Allante .....                      | 51                      | 64                       | 256        | 1,625                  | 2,516                  |
| Total Cadillac .....               | 2,961                   | 3,773                    | 14,123     | 100,456                | 141,590                |
| Cavalier .....                     | 3,807                   | 5,300                    | 21,911     | 141,323                | 179,085                |
| Camaro .....                       | 1,268                   | 1,304                    | 5,867      | 26,531                 | 36,648                 |
| Corsica/Beretta .....              | 5,550                   | 7,510                    | 30,045     | 140,581                | 150,608                |
| Caprice .....                      | 2,490                   | 4,035                    | 15,202     | 75,720                 | 104,089                |
| Corvette .....                     | 398                     | 491                      | 1,945      | 12,295                 | 12,936                 |
| Total Chevrolet .....              | 13,913                  | 18,440                   | 74,979     | 380,440                | 519,376                |
| Catala .....                       | 0                       | 0                        | 0          | 34,616                 | 54,664                 |
| Cutlass Ciera .....                | 2,318                   | 2,275                    | 7,792      | 41,997                 | 43,096                 |
| Cutlass Supreme .....              | 2,164                   | 2,356                    | 10,050     | 57,537                 | 45,564                 |
| Toronado .....                     | 0                       | 0                        | 0          | 2,778                  | 9,247                  |
| 88 (hwd) .....                     | 2,006                   | 2,314                    | 8,797      | 35,133                 | 57,256                 |
| Custom Cruiser Wag. 11 .....       | 138                     | 191                      | 886        | 5,316                  | 1,214                  |
| 98 .....                           | 1,594                   | 2,344                    | 7,902      | 41,502                 | 31,762                 |
| Total Oldsmobile .....             | 6,228                   | 9,482                    | 36,427     | 218,879                | 242,803                |
| Sunbird .....                      | 1,581                   | 2,652                    | 11,094     | 65,555                 | 83,058                 |
| Grand Am .....                     | 0                       | 0                        | 0          | 87,061                 | 109,590                |
| Firebird .....                     | 476                     | 445                      | 2,032      | 8,926                  | 22,868                 |
| Grand Prix .....                   | 2,114                   | 3,112                    | 11,994     | 55,093                 | 62,909                 |
| Pontiac 6000 .....                 | 0                       | 0                        | 4,685      | 19,603                 | 32,133                 |
| Bonneville .....                   | 1,448                   | 1,158                    | 3,049      | 25,448                 | 44,301                 |
| Total Pontiac .....                | 5,619                   | 7,367                    | 32,854     | 281,098                | 364,800                |
| Total Saturn .....                 | 2,485                   | 2,485                    | 9,618      | 40,700                 | 0                      |
| GENERAL MOTORS .....               | 36,582                  | 49,068                   | 194,127    | 1,232,960              | 1,473,967              |
| DIAMOND-STAR* .....                | 1,770                   | 2,912                    | 9,817      | 80,193                 | 64,811                 |
| Chic .....                         | 0                       | 1,720                    | 7,445      | 46,573                 | 61,602                 |
| Accord .....                       | 0                       | 7,520                    | 29,004     | 181,152                | 180,651                |
| HONDA** .....                      | 0                       | 9,240                    | 36,440     | 227,725                | 222,253                |
| MAZDA** .....                      | 0                       | 2,923                    | 13,586     | 79,317                 | 87,340                 |
| NISSAN .....                       | 2,680                   | 2,754                    | 10,871     | 72,840                 | 81,212                 |
| Corolla .....                      | 1,400                   | 2,300                    | 9,234      | 55,560                 | 55,284                 |
| Geo Prizm/Novo .....               | 1,140                   | 1,858                    | 7,426      | 51,034                 | 55,031                 |
| HUMMER .....                       | 2,540                   | 4,158                    | 16,880     | 106,063                | 118,315                |
| SUBARU-ROZU Legacy** .....         | 808                     | 1,184                    | 4,469      | 29,087                 | 13,225                 |
| TOYOTA Camry** .....               | 0                       | 4,529                    | 17,080     | 111,538                | 113,237                |
| TOTAL BIG 3 .....                  | 40,982                  | 99,247                   | 378,470    | 2,118,834              | 2,614,006              |
| TOTAL TRANSPLANT .....             | 7,850                   | 27,061                   | 108,180    | 787,632                | 962,483                |
| TOTAL CARS, U.S. ....              | 87,790                  | 126,330                  | 476,578    | 2,826,296              | 3,277,179              |
| TOTAL CARS, CANADA ..              | 13,845                  | 24,320                   | 111,446    | 578,793                | 585,087                |
| U.S., CANADA CARS .....            | 71,485                  | 151,239                  | 588,024    | 3,405,089              | 3,862,266              |
| U.S., CANADA CARS AND TRUCKS ..... | 125,813                 | 240,129                  | 699,470    | 3,983,878              | 4,447,353              |

\*1990 totals reflect LeSabre (hwd) \*\*1990 totals reflect Olds. 88 (hwd)  
\*Mazda includes MX-6, 626 and Ford Probe; Diamond-Star includes Eagle Summit and Mitsubishi Eclipse and Mirage and Plymouth Laser; CAMI includes Geo Metro and Suzuki Swift cars and Geo Tracker and Suzuki Sidekick trucks.

## CANADIAN CAR

|                           | Week<br>Ended<br>July 6,<br>1991 | Week<br>Ended<br>June 29,<br>1991 | June<br>Total | Jan. 1<br>to<br>July 6,<br>1991 | Jan. 1<br>to<br>July 7,<br>1990 |
|---------------------------|----------------------------------|-----------------------------------|---------------|---------------------------------|---------------------------------|
| Monaco .....              | 740                              | 0                                 | 2,338         | 5,526                           | 5,376                           |
| Premier .....             | 194                              | 0                                 | 1,584         | 5,544                           | 4,015                           |
| CHRYSLER CORP. ....       | 934                              | 0                                 | 3,922         | 11,070                          | 9,391                           |
| Tempo .....               | 0                                | 3,040                             | 13,101        | 60,003                          | 60,481                          |
| Topaz .....               | 0                                | 1,250                             | 4,312         | 19,184                          | 25,040                          |
| Crown Victoria .....      | 0                                | 2,183                             | 7,912         | 45,369                          | 64,122                          |
| Grand Marquis .....       | 0                                | 2,717                             | 11,477        | 46,366                          | 56,568                          |
| FORD MOTOR CO. ....       | 0                                | 9,190                             | 36,862        | 176,922                         | 215,211                         |
| Celebrity .....           | 0                                | 0                                 | 0             | 0                               | 17,216                          |
| Cutlass Ciera .....       | 1,513                            | 1,660                             | 7,653         | 37,604                          | 46,850                          |
| Lumina .....              | 4,717                            | 4,726                             | 25,395        | 116,624                         | 118,569                         |
| Royal .....               | 2,173                            | 2,099                             | 11,528        | 64,952                          | 47,268                          |
| GENERAL MOTORS .....      | 8,403                            | 8,485                             | 44,576        | 221,180                         | 229,983                         |
| CAMI* .....               | 2,580                            | 2,527                             | 10,227        | 64,724                          | 0                               |
| HONDA Civic** .....       | 0                                | 2,160                             | 8,722         | 54,845                          | 53,614                          |
| HYUNDAI Sonata .....      | 584                              | 678                               | 1,131         | 16,840                          | 18,477                          |
| TOYOTA Corolla .....      | 1,190                            | 1,100                             | 5,347         | 35,398                          | 32,178                          |
| VOLVO 740 and 940 .....   | 144                              | 180                               | 719           | 4,895                           | 4,713                           |
| TOTAL CARS, CANADA ...    | 13,845                           | 24,320                            | 111,446       | 578,793                         | 585,087                         |
| U.S. TRUCK                |                                  |                                   |               |                                 |                                 |
| Caravan .....             | 2,300                            | 3,157                             | 9,246         | 57,227                          | 60,851                          |
| Dakota .....              | 1,550                            | 1,996                             | 8,024         | 42,341                          | 37,664                          |
| Caravan C/V .....         | 0                                | 3                                 | 277           | 2,109                           | 3,909                           |
| Ram pickups .....         | 1,600                            | 2,020                             | 8,026         | 42,396                          | 55,682                          |
| Total Dodge .....         | 5,450                            | 7,176                             | 25,573        | 144,873                         | 188,186                         |
| Cherokee .....            | 3,350                            | 4,492                             | 17,306        | 70,025                          | 90,130                          |
| Comanche .....            | 100                              | 134                               | 518           | 2,848                           | 4,241                           |
| Grand Wagoneer .....      | 0                                | 0                                 | 537           | 1,560                           | 3,770                           |
| Wagoneer/Brianwood ..     | 50                               | 52                                | 226           | 1,489                           | 2,185                           |
| Total Jeep .....          | 3,500                            | 4,678                             | 18,587        | 75,922                          | 100,386                         |
| Voyager .....             | 2,100                            | 1,861                             | 10,473        | 50,206                          | 57,283                          |
| Town & Country .....      | 50                               | 109                               | 341           | 1,773                           | 1,998                           |
| Total C-P Div. ....       | 2,150                            | 1,970                             | 10,814        | 51,979                          | 59,281                          |
| CHRYSLER CORP. ....       | 11,100                           | 13,824                            | 54,974        | 271,974                         | 317,773                         |
| Aerostar .....            | 0                                | 4,596                             | 19,060        | 82,391                          | 107,019                         |
| Bronco .....              | 0                                | 687                               | 1,720         | 7,133                           | 28,342                          |
| Bronco II/Explorer .....  | 0                                | 5,744                             | 23,891        | 139,883                         | 86,084                          |
| Navajo .....              | 0                                | 78                                | 382           | 5,871                           | 0                               |
| Econoline .....           | 0                                | 4,320                             | 16,208        | 69,093                          | 103,662                         |
| Mediums/Heavies .....     | 1,040                            | 1,025                             | 2,030         | 10,234                          | 28,441                          |
| Light trucks .....        | 0                                | 9,750                             | 31,452        | 148,360                         | 241,272                         |
| Ranger .....              | 0                                | 4,868                             | 24,983        | 130,994                         | 153,522                         |
| FORD MOTOR CO. ....       | 1,040                            | 31,080                            | 119,726       | 601,948                         | 758,342                         |
| Astro .....               | 0                                | 102                               | 7,963         | 49,805                          | 63,395                          |
| Bleazer .....             | 161                              | 219                               | 962           | 4,368                           | 9,295                           |
| Lumina APV .....          | 992                              | 1,147                             | 4,854         | 22,009                          | 52,720                          |
| Mediums/Heavies .....     | 243                              | 291                               | 0             | 244                             | 4,085                           |
| P-Model .....             | 495                              | 764                               | 2,683         | 9,965                           | 13,773                          |
| Pickups .....             | 4,689                            | 6,463                             | 30,541        | 151,506                         | 218,695                         |
| S10 .....                 | 4,884                            | 5,588                             | 23,782        | 135,895                         | 124,512                         |
| S10 Blazer .....          | 1,559                            | 1,588                             | 3,241         | 13,548                          | 43,841                          |
| Sportsvan/Van .....       | 847                              | 976                               | 3,943         | 22,408                          | 38,050                          |
| Suburban .....            | 644                              | 824                               | 3,466         | 14,778                          | 36,293                          |
| Total Chevrolet .....     | 14,514                           | 17,952                            | 81,495        | 424,328                         | 604,650                         |
| Jimmy .....               | 34                               | 28                                | 111           | 1,065                           | 2,934                           |
| Mediums/Heavies .....     | 236                              | 318                               | 0             | 234                             | 4,300                           |
| P-Model .....             | 47                               | 51                                | 181           | 1,517                           | 1,659                           |
| Pickups .....             | 2,013                            | 2,474                             | 12,445        | 67,727                          | 81,933                          |
| S15/Sonoma .....          | 1,441                            | 1,736                             | 6,259         | 32,001                          | 29,242                          |
| S15 Jimmy .....           | 527                              | 962                               | 1,537         | 5,540                           | 15,287                          |
| Safari .....              | 0                                | 65                                | 4,311         | 21,460                          | 23,555                          |
| Suburban .....            | 335                              | 417                               | 2,013         | 12,581                          | 17,880                          |
| Vandura/Rally Vans ...    | 245                              | 555                               | 2,069         | 10,678                          | 13,888                          |
| Total GMC .....           | 4,878                            | 6,080                             | 28,926        | 152,803                         | 190,000                         |
| Silhouette .....          | 542                              | 797                               | 2,851         | 11,696                          | 19,956                          |
| Bravada .....             | 237                              | 243                               | 688           | 9,043                           | 0                               |
| Total Oldsmobile .....    | 779                              | 1,040                             | 3,739         | 20,739                          | 19,906                          |
| Pontiac Trans Sport ..... | 688                              | 886                               | 3,365         | 14,384                          | 28,871                          |
| GENERAL MOTORS .....      | 28,839                           | 28,464                            | 117,475       | 612,252                         | 844,114                         |
| NAVISTAR* .....           | 0                                | 1,630                             | 6,982         | 38,580                          | 38,919                          |
| ISSAN Pickup .....        | 2,880                            | 2,781                             | 10,895        | 71,478                          | 81,350                          |
| SUBARU-SUZUKI* .....      | 988                              | 1,219                             | 4,983         | 26,764                          | 13,223                          |
| AM GENERAL .....          | 468                              | 460                               | 1,680         | 18,538                          | 11,790                          |
| MISCELLANEOUS** .....     | 2,850                            | 2,650                             | 10,000        | 69,250                          | 78,000                          |
| TOTAL TRUCKS, U.S. ...    | 39,988                           | 66,987                            | 328,415       | 1,702,887                       | 2,137,111                       |
| CANADIAN TRUCK            |                                  |                                   |               |                                 |                                 |
| Caravan .....             | 2,955                            | 2,561                             | 13,686        | 76,836                          | 82,700                          |
| Caravan C/V .....         | 0                                | 0                                 | 449           | 11,834                          | 5,610                           |
| Ram Wagon .....           | 515                              | 685                               | 2,735         | 12,241                          | 14,213                          |
| Ram Van .....             | 1,405                            | 1,181                             | 4,943         | 22,879                          | 33,766                          |
| Total Dodge .....         | 4,875                            | 4,427                             | 21,813        | 122,790                         | 136,289                         |
| Plymouth Voyager .....    | 2,165                            | 2,925                             | 18,537        | 57,444                          | 65,751                          |
| Jeep Wrangler .....       | 1,290                            | 1,980                             | 6,422         | 31,136                          | 31,287                          |
| CHRYSLER CORP. ....       | 8,240                            | 8,551                             | 36,772        | 211,264                         | 233,446                         |
| FORD F series .....       | 0                                | 3,871                             | 11,980        | 61,700                          | 77,241                          |
| Light trucks .....        | 2,600                            | 2,438                             | 13,361        | 72,481                          | 90,983                          |
| Vans .....                | 1,140                            | 954                               | 910           | 27,839                          | 27,624                          |
| Total Chevrolet .....     | 3,740                            | 3,382                             | 71            | 100,329                         | 18,317                          |
| Light trucks .....        | 800                              | 967                               | 7             | 28,450                          | 36,647                          |
| Vans .....                | 580                              | 501                               | 6             | 12,364                          | 11,977                          |
| Total GMC .....           | 1,380                            | 1,968                             | 1,443         | 40,823                          | 48,624                          |
| GENERAL MOTORS .....      | 5,120                            | 4,960                             | 25,914        | 141,143                         | 168,941                         |
| CAMI* .....               | 1,140                            | 1,145                             | 4,781         | 28,844                          | 0                               |
| NAVISTAR .....            | 0                                | 144                               | 636           | 3,796                           | 5,276                           |
| TOTAL TRUCKS, CANADA ...  | 14,519                           | 17,963                            | 82,011        | 436,887                         | 682,864                         |
| U.S., CANADA TRUCKS ...   | 84,168                           | 87,879                            | 408,426       | 2,139,584                       | 2,819,915                       |

\* Estimates for Mack, Volvo-Vaux, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.  
May contain error of one or two units due to rounding.

# NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Pgs: 3, 20, 37-39,

42, 43

---

---

---

---

# Automotive News

July 15, 1991

©Entire contents copyright 1991, by Crain Communications, Inc. All rights reserved.  
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

66th year—\$70.00 per year, \$2.00 per copy



STOP PRESS SYNDICATION  
Plymouth updates its Laser coupe for 1992 with a new front end that features low-profile, fixed-position headlamps.

## TIMING CHAIN

*Chrysler tightens development cycle, plans launches every 6 months till '95*

Second in a series of articles exploring product plans of the U.S. Big 3 and Asian and European automakers.

By Mary Connolly  
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Corp.'s product strategy for the 1990s can be summed up in three words: four, six, eight.

Put simply, Chrysler's plan calls for each new car model to be replaced within four years, minivans in six years and light trucks in eight.

"We will have new product every six months between now and 1995 of one form or another — either through the car business, truck or Jeep," notes Ronald R. Boltz, Chrysler's



vice president of product strategy and regulatory affairs.

And those products are being developed faster. Chrysler President Robert Lutz says the company has chopped approximately a year out of its automobile development cycle, which is now down to about

see CHRYSLER, page 36

## NADA chief counsels dealers to hold fast

By Charles M. Thomas  
AUTOMOTIVE NEWS STAFF REPORTER

Like the football coach whose team is hopelessly trailing at half-time, Frank Anderson Jr. has spent

his first five months as president of the National Automobile Dealers Association giving locker room pep talks to dealers. His message is clear: more defense.

"From an NADA standpoint, we have tried to give dealers a kind of road map to run on," he says. "We haven't tried to mislead them on the economic problems that exist out there. We tell dealers to batten down the hatches and ride it out."

When Anderson took office in February, his overriding goal was to improve dealer profits. It was a big order in the teeth of a stubborn recession that kindled a serious erosion of dealer profits.

According to NADA, net profits before taxes as a percent of total sales for the average dealership were 1.0 percent for the first quarter this year compared to 1.5 percent for the same period in 1990 and 1.1 percent in 1989.

But if Anderson hasn't improved the bottom line for dealers, he can at least take solace in one number carefully watched by NADA — the association's dealer attrition rate. It stands at about 30 per month, which is average.

For NADA, that's a relief and a vindication of sorts against doom-sayers like J.D. Power and Associates, a California-based consulting firm, that predicted in 1989 that the number of dealership owners would dip to 15,000 within a few years from 16,000 at that time. They control about 24,000 dealerships.

"If we look at our membership rolls statistically, the projections

see ANDERSON, page 40

## Mercedes may use Mexico as source of cars for U.S.

*Kit production due to begin in 1993*

By Richard Johnson  
AUTOMOTIVE NEWS STAFF REPORTER

STUTTGART, Germany — In a dramatic turnabout, Mercedes-Benz AG has decided to begin assembling passenger cars in Mexico and is studying the possibility of exporting its car production there to the United States.

A decision to export passenger cars from Mexico would represent an attitudinal shift of Copernican magnitude for the German luxury car maker. The company assembles cars in two other countries, but has long refused to export from anywhere but its German factories to protect its zealously guarded "made-in-Germany" reputation.

Under the plan, disclosed during a recent interview with Jurgen

Hubbert, head of Mercedes' passenger-car division, the automaker will begin assembling about 1,000 mid-range W124 models annually in Mexico in 1993 from kits.

Building on that experience, the company will gradually raise output while moving toward a go-or-no-go decision on exports, he suggested.

"For us it would be an historical point because, although we build some passenger cars in South Africa and Indonesia, we never exported them to other countries," Hubbert said.

Mercedes assembled about 6,500 mid-class and S-class models at Mercedes-Benz South Africa last year, and 2,000 at its German Motor Manufacturing affiliate in Indonesia, for local consumption.

"All the exports are made in Germany, so it is a very difficult and very political situation," he

said. "We have to be very careful."

Volkswagen AG currently supplies Golfs and Jettas to the U.S. market from its plant in Puebla, Mexico, and is considered moving U.S. sourcing of other models now built in Germany to Mexico.

Volkswagen plans to increase its car production capacity in Mexico from 190,000 to 330,000 in the next five years through an investment of 1.4 billion marks (\$770 million).

Hubbert said Mercedes' interest in Mexico stems from the move toward a North American free trade agreement linking Mexico with the United States and Canada, combined with a big push for German auto industry investments by Mexican President Carlos Salinas.

The Mexican president, who recently visited Mercedes' Stuttgart headquarters, is seeking a broader commitment from the German car-

see MERCEDES, page 42



BOB McKEOWN

### Taking safety to task

A stationary Lumina Eurosport is hit by a test sled moving at 30 mph during a General Motors safety-lab demonstration at the Milford, Mich., proving grounds. The day-long program was held to demonstrate the automaker's accomplishments in vehicle safety. See story on Page 41.

## Chrysler caught in dumping fallout

*Plymouth and Eagle dealers will sell one of the vehicles involved*

By David Vernical  
NATIONAL EDITOR

One irony of the minivan dumping case is that Chrysler Corp. will be selling an allegedly dumped vehicle this fall.

Part of the Big 3 complaint, which advanced last week in Washington, is fear that a low-priced Mitsubishi Expo LRV will take sales away from Big 3 minivans. In its brief, Mitsubishi notes

that the price it will charge Chrysler for its versions of the LRV is tied directly to the prices that Mitsubishi charges its own dealers.

"To the extent anyone is seeking to engage in aggressive pricing of the (Expo LRV), it is Chrysler, not MMC," Mitsubishi says in its brief. Under an agreement between Chrysler and Mitsubishi Motors Corp., Mitsubishi "cannot sell the vehicles to dealers at less than the

fair market value and thereby hope to gain a competitive advantage over Chrysler because all such price cuts are passed directly to Chrysler."

Chrysler, which owns 11 percent of Mitsubishi Motors Corp., will sell a version of the Expo LRV as the 1992 Eagle Summit wagon and the Plymouth Colt Vista. Mitsubishi Motor Sales of America has

see DUMPING, page 43

### Lessons of Saturn

"The Saturn concept" is beginning to spread like a new gospel through the old offices and engineering rooms of General Motors. Story on Page 3.